

SENATE

SATURDAY, JANUARY 28, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood;

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball;

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins; and

S. 563. An act for the relief of George T. Johnson & Sons.

The message also announced that the House had passed the bill (S. 284) for the relief of William B. Thompson, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 487. An act for the relief of Herbert G. Black, owner of the schooner *Oakwoods*, and Clark Coal Co., owner of the cargo of coal on board said schooner; and

S. 3147. An act for the relief of Anna Pokorny.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 792. An act for the relief of William Joseph Vigneault;

H. R. 973. An act for the relief of John L. Dunn;

H. R. 1177. An act for the relief of Peter E. Anderson;

H. R. 1936. An act for the relief of Sydney Thayer, jr.;

H. R. 2294. An act for the relief of C. A. Cates;

H. R. 2907. An act for the relief of Walter Sam Young;

H. R. 2917. An act for the relief of Primo Tiburzio;

H. R. 3044. An act for the relief of Anthony Hogue;

H. R. 3045. An act for the relief of Gustav Welhoelter.

H. R. 3627. An act for the relief of James Wallace;

H. R. 5548. An act for the relief of George Brackett Car-gill, deceased;

H. R. 6409. An act for the relief of William Joseph La-Carte;

H. R. 6851. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H. R. 7198. An act for the relief of the Boston Store Co., a corporation, Chicago, Ill.;

H. R. 7263. An act for the relief of Felix Maupin;

H. R. 7548. An act granting six months' pay to Ruth McCarn;

H. R. 8136. An act for the relief of John J. Moran;

H. R. 9231. An act for the relief of George Occhionero;

H. R. 9326. An act for the relief of John E. Davidson;

H. R. 9336. An act for the relief of Emily Addison;

H. R. 9355. An act for the relief of David Schwartz; and

H. R. 9457. An act for the relief of Sperry Gyroscope Co. (Inc.), of New York.

ENROLLED JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had af-fixed his signature to the following enrolled joint resolutions, and they were signed by the Vice President:

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

S. J. Res. 240. Joint resolution to provide for the quartering in certain public buildings in the District of Columbia of troops participating in the inaugural ceremonies.

WITHDRAWAL OF AMENDMENT TO DEFICIENCY BILL

Mr. BINGHAM. Mr. President, last evening I offered an amendment to the deficiency appropriation bill. I thought it was possible for the District Commissioners to borrow the money needed for the relief of the poor and unemployed. I find to-day that it is against the law for them to borrow this money, and that if the bill is not passed to-day there will be real suffering. Therefore, although I still believe, as I said last night, that the United States Government ought to pay its debts promptly and I am in hopes that this may be done without too great delay through another deficiency bill which will come before the Senate soon, I withdraw the amendment which I have offered. I hope the deficiency bill may promptly be passed in order that it may become a law to-day if possible.

The VICE PRESIDENT. The Senator from Connecticut withdraws his amendment.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ark.
Austin	Cutting	Kean	Robinson, Ind.
Bailey	Dale	Kendrick	Russell
Bankhead	Davis	Keyes	Schall
Barkley	Dickinson	King	Schuyler
Bingham	Dill	La Follette	Sheppard
Black	Fess	Lewis	Smith
Blaine	Fletcher	Logan	Smoot
Borah	Frazier	Long	Steiwer
Bratton	George	McGill	Stephens
Brookhart	Glass	McKellar	Swanson
Broussard	Glenn	McNary	Thomas, Idaho
Bulkeley	Goldsborough	Metcalf	Thomas, Okla.
Bulow	Gore	Moses	Townsend
Byrnes	Grammer	Neely	Trammell
Capper	Hale	Norbeck	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walsh, Mass.
Connally	Hatfield	Oddie	Walsh, Mont.
Coolidge	Hayden	Pittman	Watson
Copeland	Howell	Reed	Wheeler
Costigan	Hull	Reynolds	White

Mr. FESS. I wish to announce that the Senator from Missouri [Mr. PATTERSON] is detained from the Senate by reason of a death in his family.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PERSONAL EXPLANATION—SENATE BARBER SHOP

Mr. LONG. Mr. President, I have never risen in the Senate for any matter of personal privilege until to-day, and I hope I shall not burden the Senate longer than a moment.

There has been a very widely circulated line of propaganda about privileges and immunities being granted to and indulged in by Members of the Senate. I have paid no attention to this kind of polecat publicity because it never has involved me until now. I see, however, that all over the United States a special press report is being circulated that it costs the United States Government \$60 a year to give me a daily shave in the Senate barber shop.

Until a day or so ago I did not know we have a Senate barber shop. I have never been in the barber shop, but I have found out that there is such an institution now that it has received notice in the press.

In order that the gentlemen of the press may get the matter straight I wish it to be understood that while I have never been shaved in the Senate barber shop, Abraham Lincoln was shaved in it, Daniel Webster was shaved in it, John C. Calhoun was shaved in it, Grover Cleveland was shaved in it, as were other gentlemen from 80 years ago down until the present time.

ANNUAL REPORT OF WAR FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant

to law, a report on the War Finance Corporation (in liquidation) for the calendar year ended December 31, 1932; which, with the accompanying report, was referred to the Committee on Finance.

USELESS PAPERS IN WAR DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting, pursuant to law, a report of papers and documents on the files of the War Department, which are not needed in the transaction of current business and have no permanent value or historical interest, which, with the accompanying papers was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. REED and Mr. FLETCHER members of the committee on the part of the Senate.

CHANGE IN DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate the following joint resolution adopted by the Legislature of the State of South Dakota, which was ordered to lie on the table:

House joint resolution (introduced by Mr. Painter) relating to the ratification of the lame-duck constitutional amendment

Be it resolved by the Legislature of the State of South Dakota:

Whereas both Houses of the Seventy-second Congress of the United States of America, by a constitutional majority of two-thirds thereof, proposed an amendment to the Constitution of the United States of America, which should be valid to all intents and purposes as a part of the Constitution of the United States when ratified by the legislatures of three-fourths of the States, which resolution is in words and figures following, to-wit:

SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

SEC. 5. Sections 1 and 2 shall take effect on the 15th of October following the ratification of this article.

SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission: Be it

Resolved by the House of Representatives (the Senate concurring), That said proposed amendment to the Constitution of the United States of America be hereby ratified by the Legislature of the State of South Dakota: Be it further

Resolved, That copies of the resolution be forwarded by the governor of this State, to the Secretary of State at Washington, D. C., to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Washington, which was referred to the Committee on Finance:

HOUSE OF REPRESENTATIVES,
STATE OF WASHINGTON,
Olympia, January 23, 1933.

To the VICE PRESIDENT OF THE UNITED STATES,
Washington, D. C.

SIR: I have the honor to transmit herewith certified copy of House Joint Memorial No. 2, memorializing Congress in regard to the condition created by depreciated foreign currency.

Respectfully,

GEO. F. YANTIS,
Speaker of the House.

House Joint Memorial No. 2

To the Honorable the Senate and House of Representatives of the United States of America in Congress assembled:

We, your memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, most respectfully present and petition your honorable body as follows:

Whereas the immediate and greatest need of this Nation is to establish a fully employed citizenship, and normally functioning private industry offers the most desirable employment opportunities, and the primary and largest market for American produce and manufactures is found in meeting the wants of the American people, and the necessary employment in supplying these wants belongs first to American workmen; and

Whereas without the free flow of gold, the common medium of international values, the exchange rates of many nations' currencies have, by application of the law of supply and demand, become divorced from the actual values of those currencies as measured in buying power within the bounds of the nation issuing the currency; and

Whereas depreciated currency is seriously handicapping American industry, and our foreign markets are stifled, and our domestic industries face destruction by increased imports from depreciated-currency nations; and

Whereas the economic life of the State of Washington is derived from basic industries, such as lumber, fish, pulp, wheat, fruits, coal, cement, and their allied industries, and the very existence of capital, industry, employment, wages, and our standards of living are based on the profitable operation of these basic industries; and

Whereas the Nation faces an emergency and the differences in money levels have existed for a long period and have not become adjusted; and

Whereas nations whose currencies are depreciated are able to ship merchandise into the United States, pay the existing tariffs, accept American currency in payment, and to make a greater profit on their merchandise than if sold in their own markets; and

Whereas such importations from more than 40 nations of the world into the United States under the existing depreciated-currency conditions has the effect of not only eliminating all tariff structures but of enabling such merchandise to be sold at such a low price in the markets of the United States as to handicap and paralyze American industry and increase unemployment, and the industries of the United States are facing bankruptcy and destruction; and

Whereas we believe that unless this legislation is immediately passed, chaos and ruin threaten the financial and governmental structure of the United States; and

Whereas Congressman SAMUEL B. HILL, of the State of Washington has introduced in the present session of Congress H. R. 13999, the official title of which is: A bill "To prevent loss of revenue, to provide employment for American labor, and to maintain the industries and agriculture of the United States against the effects of depreciation in foreign currencies"; and

Whereas the delay in enacting this bill into law at the present session of Congress is causing continued and alarming increase in unemployment in our industries, American industry and agriculture are being seriously harmed, and in many instances ruined, by this disastrous new form of competition, which is forcing hundreds of thousands of workmen to sacrifice their jobs; and

Whereas the Government of the United States is being deprived of vast customs revenue under existing conditions; and

Whereas equalization measures must be adopted to preserve American jobs for American workmen: Now therefore be it

Resolved, That the Senate and House of Representatives of the State of Washington respectfully urge the present Congress now in session, and the President of the United States, to promptly enact into law H. R. 13999: And be it further

Resolved, That this memorial be immediately transmitted to the proper offices and committees of the United States Senate and House of Representatives, and a copy sent to each of the Representatives and Senators representing the State of Washington in the United States Congress; and be it further

Resolved, That this memorial be immediately forwarded to the legislatures of all the States of the United States requesting that they pass and present similar memorials to Congress:

And your memorialists will ever pray.

Passed the house January 18, 1933.

GEO. F. YANTIS,
Speaker of the House.

Passed the senate January 19, 1933.

VICTOR A. MEYERS,
President of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent memorial of the Legislature of the State of Utah, which was referred to the Committee on Post Offices and Post Roads:

THE STATE OF UTAH,
OFFICE OF THE SECRETARY OF STATE,
Salt Lake City, January 21, 1933.

HON. CHARLES CURTIS,
Vice President of the United States,
Senate Chamber, Washington, D. C.

MY DEAR MR. CURTIS: I have the honor to transmit to you herewith copy of Senate Concurrent Memorial No. 1, memorializing

the Congress of the United States to pass—and the President to approve—a bill authorizing an appropriation of \$125,000,000 for highway construction.

Very respectfully yours,

M. H. WELLING, *Secretary of State.*

STATE OF UTAH,
OFFICE OF SECRETARY OF STATE.

I, M. H. Welling, secretary of state of the State of Utah, do hereby certify that the following is a full, true, and correct copy of Senate Concurrent Memorial No. 1, by Mr. Booth, entitled "Memorializing Congress to appropriate to Federal aid for highways," as passed by the Legislature of the State of Utah on January 18, 1933, and approved by Governor Henry H. Blood on January 19, 1933, as appears on file in my office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Utah at Salt Lake City this 20th day of January, 1933.

[SEAL.]

M. H. WELLING,
Secretary of State.

Memorializing the Congress of the United States to pass, and the President to approve, Senator Oddie's (of Nevada) bill authorizing appropriation of \$125,000,000 for highways.

Be it resolved by the Legislature of the State of Utah (the governor concurring therein), That—

Whereas the Oddie bill authorizing the appropriation of \$125,000,000 for Federal aid for highways, which has recently passed the Senate, will aid materially toward the completion of the at present incomplete Federal highway system in this and other States, and will make possible creating work for large numbers of our citizens now unemployed, we therefore respectfully urge the House of Representatives to pass, and the President to approve said bill that the provisions thereof may become effective at an early date; be it further

Resolved, That the secretary of state forward certified copies of this memorial to the President of the United States and Speaker of the House of Representatives, and to Utah's delegation in Congress.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Men's Bible Class of the Presbyterian Church of White Plains, N. Y., favoring the passage of the bill (H. R. 12044) for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Merchant Tailors Society of the City of New York, N. Y., favoring the balancing of the Budget, reductions in governmental expenditures, elimination of hospitalization or medical attention to war veterans with non service-connected disabilities, the taxation of the incomes of Government officials, a fair and equitable foreign-debt settlement, and the repeal of the prohibition laws, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by Sangamon Post, No. 32, the American Legion, Department of Illinois, of Springfield, Ill., favoring the maintenance of national defenses upon the same standard at least as now existing, and urging a continuation of citizens' military training camps, which was referred to the Committee on Appropriations.

Mr. BLAINE presented a paper in the nature of a petition of the Milwaukee City (Wis.) Council of Parent-Teacher Associations, praying for the passage of the so-called George bill, being Senate bill 5263, to amend the powers of the Reconstruction Finance Corporation so as to enable States, counties, municipalities, and school boards to borrow funds for the maintenance of the public schools, which was referred to the Committee on Banking and Currency.

Mr. DAVIS presented a resolution adopted by the Lackawanna Railroad Veterans Association, in meeting assembled at Scranton, Pa., representing members in the States of New Jersey, New York, and Pennsylvania, opposing the ratification of the Great Lakes-St. Lawrence deep-waterway treaty, which was referred to the Committee on Foreign Relations.

Mr. HULL presented a memorial, numerous signed, of sundry citizens of the State of Tennessee, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, and favoring the making of necessary appropriations for the enforcement of the eighteenth amendment, which was ordered to lie on the table.

Mr. CAPPER presented petitions of sundry citizens of Kansas City and Wellington, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment to the Constitution, or the repeal or modification of

the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by the Woman's Home Missionary Society of Manhattan; the Young Woman's Christian Association of Kansas City; and local chapters of the Woman's Christian Temperance Union of Bird City, Burns, Climax, Caldwell, Hugoton, Manhattan, Morland, Natoma, Uniontown, and Woodston, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. GRAMMER presented the petition of the North End Woman's Christian Temperance Union of Tacoma, Wash., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented the petition of the North End Woman's Christian Temperance Union of Tacoma, Wash., praying for the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

He also presented a resolution adopted at a community meeting of citizens of Kennewick, Wash., protesting against the repeal of the eighteenth amendment of the Constitution, or the modification of the national prohibition law, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by Down Town Post, No. 64, American Legion, of Buffalo, N. Y., remonstrating against the elimination or reduction of appropriations for the citizens' military training camps, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the National Guard Association of the State of New York, at Troy, N. Y., remonstrating against proposed reductions in appropriations for the National Guard, which was referred to the Committee on Appropriations.

He also presented a memorial of citizens of Fulton, N. Y., remonstrating against any reduction in the personnel of the Marine Corps, which was referred to the Committee on Appropriations.

He also presented a petition of citizens of Utica, N. Y., praying for the enactment of legislation effecting economies in governmental expenditures except for the national defense, and also the imposition of a sales tax, and remonstrating against the enactment of legislation proposing currency inflation; which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Dairymen's League Cooperative Association, of Le Roy, N. Y., favoring the revaluation of the dollar to a level more in keeping with that at which most debts were contracted, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the board of trustees of the village of Scotia, N. Y., favoring the enactment of legislation providing for the issuance of national currency to municipalities on the pledge of their bonds, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Harry B. Bentley Post, No. 443, American Legion, of Elmira, N. Y., favoring the use of American materials, labor, and contractors on the Boulder Dam project, which was referred to the Committee on Irrigation and Reclamation.

He also presented a resolution adopted by the New York Government Workers' Council and members and friends of the National Woman's Party, of New York City, N. Y., favoring the adoption of a measure providing equal rights to men and women, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Council of the city of Rochester, N. Y., favoring the removal of restrictions applying to municipalities in the construction of Federal highways, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Brotherhood of Locomotive Firemen and Enginemen, Lodge No. 316, of Omega, N. Y., favoring the passage of Senate bill 5125, to

provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table.

He also presented memorials of sundry citizens and organizations of the State of New York, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

THE APPLE INDUSTRY AND TRADE BARRIERS

Mr. COPELAND. Mr. President, the apple growers of this country are in great distress. This morning I received a telegram from Mr. R. G. Phillips, secretary of the International Apple Association. I understand a number of other Senators, including the Senator from Idaho [Mr. BORAH], have received similar communications; and to save the time of the Senate, I ask that this telegram may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the telegram was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

ROCHESTER, N. Y., January 28, 1933.

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D. C.:

Apple industry United States vitally dependent on maintaining foreign outlets, otherwise means laying ax to thousands of trees. Our exports have ranged up to over 4,000,000 barrels and nearly 11,000,000 boxes, constituting 19 to 21 per cent of our strictly commercial crop. Apple exports rank third among unmanufactured agricultural commodities, being exceeded only by wheat and raw cotton, and sixteenth among all exports. We were never confronted with so great trade barriers as to-day, which are paralyzing apple industry this country. This continuation international economic warfare is suicide, hence we emphatically object to House bill 13999 and all similar measures which in effect raise our tariffs against our best customers. We can not constantly slap rest of world in face and survive. We must be willing to receive in order to sell. It is fervently to be hoped that the absolutely vital question of war debts, world monetary situation, and trade barriers will be settled by friendly agreement rather than add to present disaster by raising tariffs and creating further economic warfare. It is time to call a halt on economic follies, otherwise United States producers, geared to world markets for a century, will suffer staggering capital losses. This association is composed leading apple shippers, cooperative associations, outstanding growers, wholesalers, and distributors from coast to coast, and located in all important United States producing and distributing sections.

INTERNATIONAL APPLE ASSOCIATION,
R. G. PHILLIPS, Secretary.

PROHIBITION AND LAW ENFORCEMENT

Mr. SHEPPARD. Mr. President, I present a number of telegrams and other communications in the nature of memorials remonstrating against the repeal of the eighteenth amendment and the Volstead law. I also submit a type-written summary of these documents, which I ask the privilege of having printed in the RECORD, and that the summary and accompanying memorials lie on the table, the joint resolution reported from the Committee on the Judiciary being on the calendar.

The VICE PRESIDENT. Without objection, the order will be entered.

The summary, telegrams, and communications in the nature of memorials were ordered to lie on the table, and the summary was ordered to be printed in the RECORD, as follows:

1. From O. C. Crow, secretary mass meeting held Sunday, December 18, 1932, at San Benito, Tex., representing 7,000 members, Methodist, Baptist, Presbyterian, and Christian Churches of Cameron County, Tex.

2. From W. W. Lee, C. P. Owen, and C. W. Harrison, committee representing union meeting pastors of Protestant churches from four counties comprising lower Rio Grande Valley, held December 19, 1932.

3. From H. E. Draper, presiding elder Brownsville District, Methodist Episcopal Church, South, in behalf of Methodist ministers, Brownsville (Tex.) District, in session December 20, 1932, representing all Methodist churches and their constituency in the Rio Grande Valley.

4. From Rev. J. W. Hassell, president, and Mr. S. L. Cole, secretary, the United Forces for Prohibition, Guadalupe County, Tex., representing mass meeting at Seguin, Tex., December 18, 1932, of citizens of Seguin and Guadalupe County.

5. From Mrs. O. A. Mills, chairman, and Mrs. N. C. King, secretary, presenting resolutions adopted by the fourth quarterly zone

meeting of the Uvalde Zone, Uvalde District, Woman's Missionary Society, Methodist Episcopal Church, South, at Uvalde, Tex.

6. From Rev. Marcus M. Chunn, pastor Herring Avenue Methodist Church, Waco, Tex., representing Methodist Orphan Home at Waco.

7. From W. H. Carder, W. J. Earles, and J. A. Dekle, representing Medina River Baptist Association, consisting of Kerr, Kemble, Bandera, and Gillespie Counties, Tex.

8. From Rev. Frank Eddy, Madden, pastor First Methodist Episcopal Church; Rev. Phil E. Chappell, pastor Asbury Methodist Episcopal Church; Rev. I. L. Yearly, pastor First Baptist Church; Rev. H. A. Bassett, pastor Orchard Park Methodist Episcopal Church; Rev. Westor R. Smith, pastor First Presbyterian Church; Rev. Arthur C. Hyde, pastor First Christian Church; Rev. R. L. Evans, pastor Trinity Methodist Church; Rev. Marshall Dawson, pastor First Congregational Church; Rev. Albert H. Schuake, pastor St. Paul's Lutheran Church; Rev. J. H. Walker, pastor Fort Boulevard Methodist Church; Rev. J. Fred Cole, pastor Grandview Baptist Church; Rev. A. G. Becker, pastor Altura Presbyterian Church, U. S. A.; Mr. J. N. Hooey; Mr. W. B. Gray; and Mr. Alfred Heininger; all of El Paso, Tex.

9. From Mrs. George W. Jones, legislative chairman Protestant Women's Association of San Antonio, Tex., representing regular meeting of that association on November 18, 1932.

10. From Rev. W. W. Jewell, pastor First Christian Church; Rev. Ed. Reeve, chairman of committee, First Baptist Church; and Rev. W. A. Hitchcock, pastor First Methodist Church, all of Stratford, Tex., representing their respective churches in that city.

11. From J. L. Taylor and Mrs. Naomi Huguelet, representing the Anti-Alcoholic League of Forreton, Tex.

12. From Miss Lois Pinson, Miss Virginia R. Williamson, and Mr. Lon Oakley, representing Methodist young people of the Greenville district, north Texas conference, in session at Mesquite, Tex., November 20, 1932.

13. From Rev. Warren T. Whiteside, chairman, and Arthur L. Losby, secretary, representing ministers and district stewards of Southern Methodist Churches of Greenville district, north Texas conference.

14. From Rev. W. E. B. Lockridge, chairman of mass meeting of church people and citizens of Terrell, Tex., held December 4, 1932.

15. From R. T. Ellis, secretary Texas State Teachers Association, assembled in convention at Fort Worth, Tex., November 26, 1932.

RESOLUTIONS OF TEXAS SHEEP & GOAT RAISERS ASSOCIATION

Mr. SHEPPARD. Mr. President, I present for publication in the RECORD and for appropriate reference resolutions adopted by the Sheep & Goat Raisers Association of Texas at their recent annual meeting at Del Rio, Tex., December 16, 1932.

There being no objection, the resolutions were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolutions adopted by Sheep and Goat Raisers' Association of Texas at recent annual meeting at Del Rio, Tex., December 16, 1932

FEDERAL LAND BANKS

Whereas the joint-stock land banks of the country have been unable to make any new loans for over two years past for reasons more or less generally known; and

Whereas this condition has resulted in making the Federal land banks the only source of credit for new land loans; and

Whereas the stipulation in the law limiting the maximum amount of any loan permitted by the Federal land banks to any one individual to \$25,000 works a distinct hardship on landowners needing assistance; and

Whereas the law also provides that the combined aggregate amount of money loaned to any individual by the Federal land banks and the joint-stock land banks shall not exceed \$50,000, which results in the fact that no borrower owing \$50,000 to the joint-stock land bank can borrow anything at all from the Federal land banks regardless of security offered: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we petition Congress to amend the law to enable the Federal land banks to make loans regardless of the amount of the borrower's debt to the joint-stock land bank, and that the maximum limit of loans permitted to be made by the Federal land banks to any individual be increased to \$100,000, providing the security offered is acceptable.

IMPORTING LIVESTOCK UNDER BOND

Whereas it has been brought to our attention that large numbers of livestock are being brought into the United States from Mexico under bond and without paying any import duty thereon, representation being made that such livestock will be reexported; and

Whereas it is our belief that the intention of the Importers of said stock is by some manner to be released from the payment of import duties on said stock, or that some future modification of the tariff law will become retroactive, thereby releasing said stock duty free: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we most emphatically condemn such practice; that we urge the collector of customs to be most cautious in seeing that

proper duties are assessed against all such livestock and collected before any bonds are released; and be it further

Resolved, That we petition the Congress to amend the tariff act to prevent in the future any livestock from being admitted to this country under bond, but that payment of all duties be made when livestock is crossed over the border.

GOVERNMENT AID LIMITED TO DOMESTIC LIVESTOCK

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That, whether or not it has been done in the past, or whether or not it is being contemplated at present, we heartily disapprove of money being loaned by any governmental institution, or any institution receiving direct aid from the Government, to any person, firm, or corporation on imported livestock or for the purpose of buying livestock imported into this country either before or after said stock might be imported, it being our view that all financial aid extended by the Government would be confined to the purchase and/or carrying of domestic livestock; and be it further

Resolved, That laws be passed or amended by Congress, or regulations be issued by the heads of all such governmental institutions embodying the idea herein expressed.

REDUCTION OF CHARGES

Whereas livestock prices have been extraordinarily reduced in the last three years, and all ranchmen are making supreme efforts to reduce expenses to an absolute minimum: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we respectfully and urgently request the various stockyards companies and commission firms at the central markets to reduce their charges for handling and selling our livestock in proportion to which our income has been reduced; and be it further

Resolved, That we petition the railroad companies to reestablish the privilege, recently withdrawn, of allowing buyers of livestock at central markets to reship livestock bought at the through rate from point of origin to point of destination, this privilege being commonly known as the change-of-ownership rule; and be it further

Resolved, That the railroads reduce their charge for bedding cars to a cost commensurate with the services rendered and that they make no charge whatsoever for cars that are not freshly rebedded.

STATE RANGERS

Whereas the livestock men of west Texas have for years carried on a battle against stock thieves, which activity, we believe, belongs to the police authorities of the State; and

Whereas this association includes among its members sheep and goat raisers from over 100 counties of the State: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we petition the Governor of the State of Texas to grant commissions of sergeants in the State rangers force to two men to be selected by the president of this association, said rangers to be paid by the State but to be subject only to orders of the president of this association, their entire duties being to work for the prevention of and the detection of the theft of sheep and goats.

DUES

Whereas the activities of the Texas Sheep and Goat Raisers' Association have in the 17 years of its existence proven the worth of this association in preventing losses and making savings for its members in ways already well known; and

Whereas the association is dependent entirely for its income upon dues voluntarily paid by its members; and

Whereas this source of income has been reduced to the point where the association's activities are nearly paralyzed because of the inability of most of its members to continue paying said dues: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we respectfully urge the Federal intermediate-credit bank, the regional agricultural-credit corporation, commercial and private banks and loan companies to recognize dues to this association as a legitimate item of expense, and that borrowers from these institutions be permitted to include said dues in their allowances or budgets which are being allowed said borrowers for their running expenses.

BURNS AND POISON WEEDS

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we hereby petition our State legislature to pass the necessary laws compelling the highway commission, counties, railroad companies, pipe-line companies, and all other persons or concerns owning fenced right of way, to keep it free and clear of all cockle burrs, grass burrs, sand burrs, bitterweed, beggar lice, hoarhound, loco, and all other poisonous or obnoxious vegetation that might be harmful to ranch and/or farm land.

BLOWFLIES

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we petition our State legislature to pass laws providing for the cleaning up of this State of the worst known pest to the livestock men, viz, the blowfly; and be it further

Resolved, That the president of this association appoint a special committee which shall have for its sole purpose the framing and furthering the above-mentioned legislation.

AD VALOREM TAX

Whereas land has always been the prime source of governmental revenue from taxation; and

Whereas this policy has materially contributed to the burden which is now bearing down the landowner unto annihilation: therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we recommend that a sales tax be levied in place of the State ad valorem tax on property, but that neither sales nor income tax be levied unless the State ad valorem on land be removed; that only county and lesser governments place a tax on land and that these governments see to it that all personal property, especially investments such as notes, stocks, bonds, etc., bear its just share of taxation; and be it further

Resolved, That no State or other boards, commission or body of any kind be established which will displace or usurp the tax valuing, assessing or levying powers of the county commissioners.

STATE GASOLINE TAX LAW

Whereas it has come to our attention that there is a movement on foot to repeal that portion of the State gasoline tax law which exempts from said tax all gasoline not used for propelling vehicles over the highways: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we strenuously oppose the repeal of that section of the law.

ADDRESS OF ROGER GILLIS

Be it Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That Judge Roger Gillis, of Del Rio, Tex., is hereby requested to reduce to writing the very excellent address which he made at the opening session of our convention and that such writing be either an abstract or an extension of his remarks, as he so desires.

AGRICULTURAL MARKETING ACT

Whereas as a result of the passage of the agricultural marketing act of 1929, numerous marketing and financing agencies have been set up which have been and are at the present time rendering a distinct service to the livestock interests of the country; and

Whereas the repeal of this act would most likely result in the immediate liquidation of these various agencies; and

Whereas such liquidation would work undue hardships, not only upon the direct borrowers from these agencies, but would be reflected to the entire livestock industry: Therefore, be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we distinctly oppose the repeal of this act, but on the contrary we commend the act and believe it to be the most constructive piece of agricultural legislation ever enacted by Congress. We recommend its continuance in its present form, except in such instances, such as the stabilization clause, where experience has demonstrated its failure to obtain appropriate results beneficial to agriculture. We maintain that any and all amendments to this act should be made by its friends rather than by its enemies.

APPRECIATION

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That our sincere appreciation and thanks go forth to the people of Del Rio, the Del Rio Chamber of Commerce, the Roswell Hotel, and to all contributing organizations and persons for their efforts in making our seventeenth annual convention a most enjoyable and successful one, and

Be it further resolved, That our sincere thanks are also extended to our president, T. A. Kincaid, and to our secretary, E. B. Baggett, for their work, not only during the convention, but throughout the past 18 months.

ILLNESS OF SAM H. HILL

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we are extremely grieved over the illness of our worthy member and friend, Sam H. Hill, and that we hereby extend to him our most earnest wishes for his speedy recovery, Mr. Hill being our only life member.

JUDGE JAMES CORNELL

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we extend our heartfelt thanks and appreciation to our worthy and esteemed member and friend, Judge James Cornell, for his untiring efforts and faithfulness in behalf of this association and livestock men generally.

PRICKLY PEAR

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we commend the activities of the committee appointed to act on the control of prickly pear, and that we urge that they redouble their efforts along this line, and if necessary, to secure the assistance of the agricultural and mechanical college.

RESOLUTIONS PASSED BY NATIONAL WOOL GROWERS ASSOCIATION

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we approve and adopt as our own the following resolutions adopted by the National Wool Growers Association at their sixty-eighth annual convention, held in Portland, Oreg., December 10, 1932:

The tariff

Consideration of the question of import duties upon foreign products must always recognize and be based upon the fostering and encouragement of promotion of all lines of agricultural production. This is essential not only in the interest of our rural population, but because of the great dependence of factory industry, transportation, and all lines of commerce upon the purchasing ability of those engaged in agriculture and livestock production.

We consider that the effectiveness of present import duties upon foreign agricultural products imported into the United States has largely contributed to the maintenance of a somewhat better economic business condition in the United States than has prevailed in many other countries.

The leaders of the incoming administration have assured the American farmer and livestock producer of their belief in the necessity of continuing import duties upon agricultural products. We urge upon President-elect Roosevelt, his official family, and the Seventy-third Congress that import duties on agricultural products be maintained upon a level no lower than that of the rates now prevailing.

We urge that these rates be maintained upon all livestock and meat products and upon wools (and mohair) imported in the raw or manufactured condition. It is also our belief that the raw wool (and mohair) duty should continue to be levied as a specific duty upon the clean content basis.

In consideration of tariffs as a source of revenue we suggest that duties might be levied upon wools (and mohair) imported for use in the making of carpets and floor coverings. We also suggest that examination be made of the probability of our domestic wools (and mohair) being used in carpet making and the inclusion of carpet wools (and mohair) under similar rates of duty as provided for clothing wools (and mohair).

Finance

Reconstruction Finance Corporation: We most heartily commend the Seventy-second Congress for having established the Reconstruction Finance Corporation. The acceptance and carrying by this corporation of a large amount of livestock and agricultural loans has been of untold value to those industries and to the whole country.

The further financial service of carrying such loans through regional agricultural-credit corporations and the Reconstruction Finance Corporation has given most timely support in some districts that could not have been furnished by any other agencies.

In other districts the policy of making it very difficult to obtain loans has not been in accord with what we believe to be the intent of the law by which these corporations were created.

We ask for a definition in the law as to what shall be accepted as "full and adequate security" and for a more liberal and reasonable attitude on this point on the part of the credit corporations and the Reconstruction Finance Corporation.

Intermediate-credit banks: Less than \$100,000,000 of livestock loan paper was being held on December 31, 1931, by the nine Federal intermediate-credit banks in operation in the Western and Southwestern States. The fact that this comparatively small proportion of the total of this class of paper was so securely held protected livestock credits until the resources of the Reconstruction Finance Corporation were made available.

It is painfully apparent, as it also was in 1920, that the livestock industry can not safely rely upon ordinary commercial banks of deposit handling only 90-day paper for the financial service essential to protection. Future safety depends upon the handling of the main part of our livestock paper by agencies not subject to withdrawal of deposits and the necessary calling of loans. To provide this financial security a large increase is necessary in the capital structure of livestock-loan companies and agricultural-credit corporations that discount with intermediate-credit banks. This requirement is temporarily provided under the Steiwer-Carey amendment to the emergency relief and construction act of 1932, approved July 21, 1932.

We favor the enactment of such legislation as may be required for the continuation of this large-scale service which, in the public interest, is essential to efficient agricultural and livestock production under normal conditions.

Interest rates

Considering the present level of commodity prices and their relation to cost of sheep production, we find that the highest fixed charges to-day, other than taxation, are interest rates. Taxes of the Federal, State, and county governments are being reduced 25 to 50 per cent. We emphatically urge reduction in interest charges on the same basis.

Taxation

In the spirit of fairness, we realize that in order to contribute to the general movement toward tax reduction not only agriculture but all lines of business, and all persons generally must be willing to accept their proportionate share in cuts of Federal and State appropriations affecting them. We subscribe to this theory and are willing to accept our pro rata share of such cuts, but demand consideration for agriculture to the extent that Federal and State appropriations for agricultural purposes be not reduced in greater proportion than appropriations for all other purposes—that agriculture be not forced to stand all or the greater part of reduced appropriations.

Legislation

We instruct our officers to carefully investigate all new ideas proposed for legislation affecting agriculture, such as the so-called domestic-allotment plan and others, and take such steps as they deem necessary to fully protect the interests of the sheep and goat industry.

Commission merchants

We instruct our national officers to seek the enactment of a Federal law requiring wool (and mohair) merchants doing a commission business to be licensed and bonded under rules and regulations prescribed by the Department of Agriculture.

WATER RESOURCES OF THE SAN PEDRO RIVER

Mr. ASHURST presented a resolution adopted by the Douglas (Ariz.) Chamber of Commerce and Mines, which was referred to the Committee on Irrigation and Reclamation and ordered to be printed in the RECORD, as follows:

Whereas Senator HENRY F. ASHURST has introduced Senate Resolution 292 on December 7, 1932, providing for a subcommittee of the Senate Committee on Irrigation and Reclamation to come to Arizona and investigate the practicability of utilizing the water resources of the San Pedro River; and

Whereas we believe the said committee will find that the United States is justified in building a flood-control dam in said river near the Charleston station to the end that the agricultural resources of said river valley may be conserved and increased, and for the purpose of providing relief work for the citizens of this county not now employed; and

Whereas this organization, representing the business interests of Douglas and vicinity, welcomes any aid given the people of said valley, though outside of the immediate district: Now, therefore, be it

Resolved, That we commend the action of Senator ASHURST, thank him for his solicitude, and urge him and our congressional delegation to secure the adoption of said resolution; that a copy hereof be transmitted to each of the Arizona delegation.

DOUGLAS CHAMBER OF COMMERCE AND MINES,

H. A. WIMBERLEY, President,

E. W. BROWDER, Secretary.

[SEAL.]

Adopted January 18, 1933.

PROHIBITION AND THE EIGHTEENTH AMENDMENT

Mr. WALSH of Massachusetts. Mr. President, I present and ask to be printed in the CONGRESSIONAL RECORD memorials from the American Temperance Society of Seventh-day Adventists of Worcester, Mass.; the Southern New England Conference of South Lancaster, Mass.; and from the Plymouth County Neighborhood Convention of Churches in federated meeting with the Woman's Christian Temperance Union of Middleboro, Mass., in opposition to the modification of the Volstead Act or the repeal of the eighteenth amendment to the Constitution.

There being no objection, the memorials and papers were ordered to lie on the table and to be printed in the RECORD, as follows:

AMERICAN TEMPERANCE SOCIETY

OF SEVENTH-DAY ADVENTISTS,

Takoma Park, Washington, D. C., January 26, 1933.

The Hon. DAVID I. WALSH,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I am inclosing in this a petition to Congress which was passed in a meeting at Worcester, Mass., on January 17, and also the signatures of a number of citizens of Massachusetts, protesting against the repeal of the eighteenth amendment. We

are requested to send these to you. Will you please note them in the CONGRESSIONAL RECORD and refer them to the proper committee for consideration.

Sincerely yours,

C. S. LONGACRE.

PETITION TO CONGRESS

To the honorable the Senate of the United States:

We, the citizens of Worcester, Mass., in a mass meeting held January 17, 1933, do hereby petition your honorable body—

1. To enact no legislation changing the per cent of alcohol contained in legalized beverages as specified in the Volstead Act.
2. Not to enact the present beer bill, H. R. 13742.
3. Not to pass any act favoring the repeal of the eighteenth amendment.

The reasons we offer for said petition are:

a. Alcohol is a narcotic. It poisons the system, disqualifying the user for business; it paralyzes industries by unfitting the users thereof for the regular performance of work.

b. It impoverishes the families of the ordinary workmen, leaving in its wake sorrow, poverty, shame, and often complete ruin.

c. It endangers life. Twenty-six million automobiles and automobile trucks carrying millions of our people at high rates of speed make it imperative that only people should drive who do not use alcohol in any degree. What affects one driver seriously might not affect another, but the one affected is a menace to life and property.

Why should a great country like America stoop to raising revenue for the maintenance of its Government from the sale of alcoholic beverages which have in their use all the elements of waste, crime, and death?

In the name of humanity, social justice, and the general welfare, we beseech your honorable body not to give your support to this measure that would legalize the sale of intoxicating beverages.

S. LUNDSTROM, Chairman.

HELFRED J. JORGENSEN, Secretary.

PETITION OPPOSING BEER BILL

To the honorable the Senate of the United States, Greetings:

Believing (1) that the eighteenth amendment is the best solution to the liquor question yet advocated.

(2) That beer, as authorized in bill H. R. 13742, with 4 per cent alcoholic content according to volume, is intoxicating and therefore unconstitutional.

(3) That the free use of this beer would greatly endanger the public safety and general welfare in this speed age of travel.

(4) That it is to the best interest of the public to keep this Nation saloonless and sober, which will be impossible if this bill is enacted.

Therefore, we, the undersigned adult residents of Worcester, etc., State of Massachusetts, earnestly petition your honorable body not to pass H. R. 13742, or any other measure that would override the eighteenth amendment of the Federal Constitution, but, instead, employ means to make national prohibition more effective.

Helfred Jorgensen, Trinity Avenue, Worcester, Mass.; Seth Forsberg, 19 Arnold Road, Worcester, Mass.; A. K. Johnson, 19 North Street, Worcester, Mass.; B. G. Lundquist, 1 Breck Street, Worcester, Mass.; E. Norilborg, 30 Walnut Street, Auburn, Mass.; G. H. Anderson, 53 Trinity Avenue, Worcester, Mass.; Mrs. H. Anderson, 53 Trinity Avenue, Worcester, Mass.; S. Jorgensen, 53 Trinity Avenue, Worcester, Mass.; Mrs. H. Jorgensen, Trinity Avenue, Worcester, Mass.; Conrad J. Hagstrom, 15 Colby Avenue, Worcester, Mass.; Mrs. Lora Westerman, 237 Turnpike Road, Shrewsbury, Mass.; C. W. Westerman, 237 Turnpike Road, Shrewsbury, Mass.; Elder J. P. Johnson, 36 Bailey Road, Shrewsbury, Mass.; Mrs. J. P. Johnson, 36 Bailey Road, Shrewsbury, Mass.; Mrs. C. A. Johnson, 9 Tatman Street, Worcester, Mass.; Carl A. Johnson, 9 Tatman Street, Worcester, Mass.; Lennart Johnson, 9 Tatman Street, Worcester, Mass.; Karl Johansen, 63 Belmont Street, Worcester, Mass.; Alma Carlson, 1 Lund Street, Worcester, Mass.; Mrs. H. Wallman, 1 Lund Street, Worcester, Mass.; Miss Anna K. Johnson, 19 North Street, Worcester, Mass.; Mrs. Axel Glandt, 14 Kosta Street, Worcester, Mass.; Axel Glandt, 14 Kosta Street, Worcester, Mass.; August Andeberg, 233 Wachcuret Street, Holden, Mass.; Mrs. Nellie Andeberg, 233 Wachcuret Street, Holden, Mass.; Mrs. Hanna Carlson, 487 Burncoat Street, Worcester, Mass.; Mrs. Ellen Johansen, 63 Belmont Street, Worcester, Mass.

SOUTHERN NEW ENGLAND CONFERENCE,
South Lancaster, Mass., January 24, 1933.

HON. DAVID I. WALSH,

United States Senate, Washington, D. C.

DEAR SENATOR WALSH: May I register my protest against the present attempt in Congress to again legalize alcoholic drinks?

There may be a question as to which is the wisest road back to prosperity, but the liquor route surely is not one of them, for it always leads downward, never upward.

Our infallible guidebook reminds us: "Wine is a mocker, strong drink is raging, and whosoever is deceived thereby is not wise."

Also, "Woe unto him that giveth his neighbor drink and maketh him drunken." And again: "Woe unto him that buildeth his house by unrighteousness."

The Scripture pictures the work of those who manufacture and who sell intoxicating liquor. Their business means robbery. For the money they receive no equivalent is returned. Every dollar they add to their gains has brought a curse to the spender.

For the sake of gain the liquor seller deals out to his victims that which corrupts and destroys mind and body. He entails on the drunkard's family poverty and wretchedness. Keep it outlawed.

The inclosed leaflets furnish many additional reasons.

Respectfully yours,

F. BOHNER,

Home Missionary Secretary.

MIDDLEBORO, MASS., January 11, 1933.

The Hon. DAVID I. WALSH,

United States Senate, Washington, D. C.

DEAR SENATOR: Whereas there is pending in Congress an act to legalize the sale of beer; and

Whereas this Commonwealth in the year 1870 did legalize such sales and subsequently repealed the same because of an increase of drunkenness: Therefore be it

Resolved, That we, the members of the Plymouth County Neighborhood Convention of Churches and the local Woman's Christian Temperance Union in a federated meeting do most urgently call upon our Senators at Washington to vote against the proposed measure and would call attention to the words of the Hon. Robert C. Pittman, for so many years a judge in our superior court, when he said, we quote: "It is clear that the governor was amply justified in declaring in his message that the so-called beer shop has come to mean a place where all kinds of intoxicating liquors are sold."

Very respectfully submitted.

KENELM WINSLOW.

JOSEPHINE L. KELLEY,

Secretary Woman's Christian Temperance Union,
Middleboro, Mass.

DAVID B. HOWARD,

Secretary Plymouth County
Neighborhood Convention.

PETITION OPPOSING BEER BILL

To the honorable the Senate of the United States, Greetings:

Believing (1) that the eighteenth amendment is the best solution to the liquor question yet advocated; (2) that beer as authorized in bill H. R. 13742, with 4 per cent alcoholic content according to volume, is intoxicating and therefore unconstitutional; (3) that the free use of this beer would greatly endanger the public safety and general welfare in this speed age of travel; and (4) that it is to the best interest of the public to keep this Nation saloonless and sober, which will be impossible if this bill is enacted. Therefore we, the undersigned adult residents of the State of Massachusetts, earnestly petition your honorable body not to pass H. R. 13742 or any other measure that would override the eighteenth amendment of the Federal Constitution, but, instead, employ means to make national prohibition more effective.

Mrs. Edith M. Wilkinson, Main Street, South Lancaster; Carl Kennedy, Main Street, Clinton; E. Grace Soper, Prescott Street, South Lancaster; R. C. Silvers, Main Street, South Lancaster; L. W. French, South Street, Westminster; R. H. Libby, Prescott Street, South Lancaster; Letha B. Wendell, Kilbourn Street, South Lancaster; C. A. Cutting, Pratts Junction Road, South Lancaster; Dora Smith, Narrow Lane, South Lancaster.

ENROLLED JOINT RESOLUTIONS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on to-day, January 28, 1933, that committee presented to the President of the United States the following enrolled joint resolutions:

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

S. J. Res. 240. Joint resolution to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 5544) authorizing the Secretary of Agriculture to adjust debts arising from loans made to farmers for seed, feed, and crop production, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. DILL:

A bill (S. 5545) granting a pension to Margaret Keefe (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 5546) granting a pension to Milton Carroll Merryman; to the Committee on Pensions.

By Mr. HOWELL:

A bill (S. 5547) granting an increase of pension to Mary S. Miller; to the Committee on Pensions.

By Mr. BRATTON:

A bill (S. 5548) relating to livestock loans made by the Reconstruction Finance Corporation through its regional agricultural credit corporations; to the Committee on Banking and Currency.

By Mr. REED:

A bill (S. 5550) to provide for the removal of the monument to Casimir Pulaski from the triangle at Pennsylvania Avenue, Thirteenth Street, and E Street NW, to the east end of the triangle formed by Pennsylvania Avenue, E Street, and Fifteenth Street, in the city of Washington, D. C., and to authorize the appropriation therefor; to the Committee on Public Buildings and Grounds.

By Mr. HASTINGS:

A bill (S. 5551) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. DICKINSON:

A bill (S. 5552) to provide for the liquidation of joint-stock land banks, and for other purposes; to the Committee on Banking and Currency.

DATE OF MEETING OF SECOND SESSION OF THE CONGRESS

Mr. DILL. Mr. President, I desire to introduce a bill for reference to the Judiciary Committee, but before doing so I want to say a word about it.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. DILL. The bill is to fix the date of meeting of the second session of the Congress. With the adoption of the "lame-duck" amendment to the Constitution Congress will meet on January 3 of each year, unless Congress by law fixes another date. That will probably mean that we shall be in session every summer. It seems to me that we ought to provide by law that the second session shall begin some time in the fall. The bill which I introduce provides that the second session shall begin on the first Monday in October.

The bill (S. 5549) to fix the date of meeting for the second session of Congress was read twice by its title and referred to the Committee on the Judiciary.

CHANGES OF REFERENCE

On motion of Mr. THOMAS of Oklahoma, the Committee on Public Lands and Surveys was discharged from the further consideration of the bill (S. 5427) authorizing the Secretary of the Interior to purchase certain lands in Ottawa County, Okla., and it was referred to the Committee on Indian Affairs.

On motion of Mr. COPELAND, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 5535) for the relief of certain Army officers whose household and other effects were damaged on Government property, and it was referred to the Committee on Claims.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 792. An act for the relief of William Joseph Vignault;

H. R. 1177. An act for the relief of Peter E. Anderson;

H. R. 1936. An act for the relief of Sydney Thayer, jr.;

H. R. 2907. An act for the relief of Walter Sam Young;

H. R. 5548. An act for the relief of George Brackett Car-gill, deceased;

H. R. 6409. An act for the relief of William Joseph La-Carte;

H. R. 7263. An act for the relief of Felix Maupin;

H. R. 7548. An act granting six months' pay to Ruth McCarn;

H. R. 9231. An act for the relief of George Occhionero;

H. R. 9326. An act for the relief of John E. Davidson; and

H. R. 9355. An act for the relief of David Schwartz; to the Committee on Naval Affairs.

H. R. 973. An act for the relief of John L. Dunn;

H. R. 2294. An act for the relief of C. A. Cates;

H. R. 2917. An act for the relief of Primo Tiburzio;

H. R. 3044. An act for the relief of Anthony Hogue;

H. R. 3045. An act for the relief of Gustav Welhoelter;

H. R. 6851. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H. R. 7198. An act for the relief of the Boston Store Co., a corporation, Chicago, Ill.;

H. R. 8136. An act for the relief of John J. Moran;

H. R. 9336. An act for the relief of Emily Addison; and

H. R. 9457. An act for the relief of Sperry Gyroscope Co. (Inc.), of New York; to the Committee on Claims.

H. R. 3627. An act for the relief of James Wallace; to the Committee on Military Affairs.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. ODDIE submitted an amendment intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 45, line 21, after the semicolon, to insert the following:

"For construction of power transmission line and distribution system, Fallon Subagency, Walker River Agency, Nev., fiscal year 1934, \$800."

AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. HASTINGS (for Mr. HEBERT) submitted an amendment intended to be proposed by Mr. HEBERT to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 79, line 18, after the figures "16," to insert "(a)."

On page 80, beginning with line 8, to strike out through line 8 on page 82, and in lieu thereof to insert the following:

"(b) Section 319 of Part II of the legislative appropriation act, fiscal year 1933, shall not apply to any refund or credit allowed by the Commissioner of Internal Revenue prior to July 1, 1932, on account of an overpayment in respect of any internal-revenue tax. Appropriations for the payment of any such refund or credit, as well as for the payment of interest upon any such refund or credit, shall be available for the payment of principal and interest computed in accordance with the laws with respect to interest in force at the time of the allowance of such refund or credit: *Provided, however,* That where such laws have been repealed by section 614 of the revenue act of 1928, interest shall be computed in accordance with the provisions of said section 614 of the revenue act of 1928.

"(c) Interest shall be allowed and paid upon any refund or credit allowed by the Commissioner of Internal Revenue subsequent to June 30, 1932, in respect of any overpayment of internal-revenue tax for any period prior to July 1, 1932, in accordance with the provisions of section 614 of the revenue act of 1928; and for any period after June 30, 1932, shall be allowed and paid in accordance with the provisions of section 319 of Part II of the legislative appropriation act, fiscal year 1933, approved June 30, 1932."

URGENT DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 14436) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

Mr. BINGHAM. Mr. President, I hope we may proceed to the passage of the deficiency bill at the earliest possible moment. As I have previously stated, I withdraw my amendment in order that the bill may be passed promptly.

Mr. McKELLAR. Mr. President, it seems to me we ought to have a vote on it immediately.

The VICE PRESIDENT. The bill is open to amendment. If there be no amendment, the question is, Shall the bill be read a third time?

The bill was read the third time.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. The deficiency bill is before the Senate?

The VICE PRESIDENT. It is, by unanimous consent.

Mr. NORRIS. Was the Treasury and Post Office appropriation bill laid aside?

The VICE PRESIDENT. It was laid aside last evening by unanimous consent.

Mr. NORRIS. Is the deficiency bill subject to amendment?

The VICE PRESIDENT. The third reading of the bill has been ordered, the bill has been read a third time, and therefore an amendment is not now in order.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. I presume by unanimous consent or motion to reconsider the third reading an amendment might be tendered?

The VICE PRESIDENT. Certainly; by unanimous consent or motion to reconsider that might be done. The question is, Shall the bill pass?

The bill was passed.

POEM ENTITLED "FARM WOMAN TO THE EARTH"

Mrs. CARAWAY. Mr. President, I ask leave to have published in the RECORD a poem written by Mrs. Anna Flournoy Bassett, of Pine Bluff, Ark., entitled "Farm Woman to the Earth."

There being no objection, the poem was ordered to be printed in the RECORD, and it is as follows:

FARM WOMAN TO THE EARTH

My bondage years to you will soon be past,
They'll fold my hardened hands upon my breast,
And I shall lie within your arms at last,
In that still state men call eternal rest.
You have been a strange lover, Earth, to me—
You have asked all in time and strength and art;
And in return you have but let me see
A fleeting glimpse of what is in your heart.

I have not had the things that women crave—
The touch of silks, perfumes, and jewels bright;
But in the years when I have been your slave
I have seen dewdrops in the morning light,
And I have felt your warm, sweet breath arise
And with your changing under changing skies,
Earth, I was wedded to you, mind and soul.

Now when death makes you take me to your heart,
And I become at last a part of you,
Let cool, green leaves and fragrant blossoms start,
From my poor clay, and let their brilliant hue
Draw butterflies to me who served you well;
And as they greet the blossoms with a kiss,
Let me be living in the buds that swell.

This is my prayer; O Earth, you owe me this.

—Anna Flournoy Bassett.

RADIO ADDRESS BY JOHN A. SIMPSON ON FARM PROBLEMS

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered to-day over the National Broadcasting Co.'s network by John A. Simpson, president of the National Farmers' Union.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

GREETINGS

While conditions are no better, even worse than they were a month ago, there is a ray of hope that March 4 big business will have to move out of the National Capitol and turn the keys to the departments of government over to the common people of this country.

The position taken by the President elect on a number of questions justifies this statement.

Big business and its controlled press was railroading a general sales tax through Congress. The President elect, in no uncertain terms, publicly announced that he was against a general sales tax. That announcement killed the sales tax.

The fight has been on ever since the war as to what disposition should be made of Muscle Shoals. Big business, on one side, was demanding the Government to turn it over to it. Senator George

Norris, of Nebraska, leader of the opposition in all these years, has prevented that thing being done. The other day the President elect and Senator Norris visited Muscle Shoals, after which the President elect announced this project would be completed by the Government and that it would be his policy that all undeveloped natural power should be taken over by the Government.

These, and other indications of a better day, cause me to greet you at this hour with a smile in my voice, I hope.

TRIP WEST

The 12th of this month wife, daughter, and I motored to Oklahoma City to attend the annual State convention of the Farmers' Union, held in that place the 16th, 17th, and 18th.

For many months it has been the usual thing to see passenger trains speeding by with empty coaches and empty Pullmans. On this trip we met and passed a number of big transcontinental buses with not a passenger in them.

Likewise, we found a noticeable decrease in the number of cars on the road. In the whole 1,500 miles there was no traffic interference.

The only method of transportation on the increase is hitch hiking. We never before saw so many men, women, and children with their worldly possessions in a ragged suit case or in a bundle on a stick as we did on the trip this month.

On this 3,000-mile round trip visiting at the filling stations, the hotels, and with farmers at meetings we held, I was impressed with two things.

First. The revolutions over the country are increasing in numbers, in size, and in quality. There are many States now where the courts have revolted. In a meeting I addressed in the auditorium of the Central High School, Oklahoma City, two district judges voluntarily came to the stage and announced there would be no more foreclosures in their courts until the prices of farm crops were reasonable. Such revolutions on the part of the courts are occurring all over the country. I found legislatures in open revolution passing moratorium laws that violate the terms of contracts. I found the farmers organizing by counties for the purpose of preventing sales of mortgaged property. In some instances these farmers have prevented these sales by force. In most instances by persuasion. However, in both instances it is revolution.

Second. I found more, bigger, and better organizations using their own medium of exchange. All over the United States the people are being forced for lack of a medium of exchange to organize trading associations in which they use their own scrip. One of the largest of these organizations it has been my pleasure to visit is the Natural Development Association of Salt Lake City, Utah. They have more than 40,000 members, with a number of large stores in Salt Lake and other cities not only in Utah, but several other States. I found in one of these stores in Salt Lake that you could buy anything from pins to pianos. I found that with their scrip you could have operations from a shave to removal of your appendix. They have their own coal mines with a fleet of trucks that deliver. They have their own refineries that furnish them gas and lubricants. They have put to work many unemployed on a scale of wages much higher than the laborers who are paid in United States money. The farmers who deal with them are paid about double for their products what purchasers pay who pay in United States money. In a way, this is also revolution. No one has a right to issue a medium of exchange except Congress or by authority of Congress.

Oh, what an indictment this is of what our Government is doing. The people without work, hungry and cold because big bankers have had the power transferred to them of issuing money, and which they refuse to furnish.

When these organizations can put idle men to work, paying them bigger wages and increasing the price of farm products, it is conclusive evidence that what this Nation lacks is a volume of currency with which to do business.

The Cincinnati Enquirer says, "Congress is busy passing bills for Hoover to veto, and Hoover is sending over recommendations for Congress to throw into the wastebasket."

GRAFT DISCLOSURES

Since last month's talk over NBC there have been disclosures of graft here in Washington that stinks to high heaven. Congressman LOZIER, of Missouri, in a speech found in the CONGRESSIONAL RECORD of December 30, discloses grafting under the merchant marine act.

In all the history of the United States down to the present administration mail carried by ships has been paid for on a pound basis. The price has run on an average of 80 cents a pound. Under President Hoover's administration the steamship companies have secured contracts on a mileage basis. Under this plan some steamship companies, for carrying a pound of mail, have been paid \$10,000. Remember, these same steamship companies borrow large sums of money of the Government, sometimes at less than 1 per cent interest.

The following are a few instances of the way the Post Office Department has allowed the taxpayers of this Nation to be robbed:

The Grace Steamship Line operates over ocean mail route 38, between Tacoma and Valparaiso, Chile. In the fiscal year 1931 this company, under contract made by the Post Office Department, was paid \$238,500 for carrying 2,892 pounds of mail, which, under the weight system and standard rates would have cost the Government only \$458.88.

The Lykes Bros. Steamship Co. (Inc.) operates steamers over ocean mail route 23, from Galveston to Santo Domingo, Haiti. In the fiscal year of 1931, under contract made by the Post Office

Department, this company was paid \$317,916.50 for transporting 741 pounds of mail, which under the weight system and standard rates would have cost the Government only \$194.64.

Under a contract with the Post Office Department the American West African Line operates over ocean mail route 47, between New Orleans and the West Coast of Africa. It made five voyages in the fiscal year of 1931, carrying only 133 pounds of mail. On a weight basis this service would have cost the Government only \$42.32, but this subsidized shipping concern was paid \$87,862.50 for transporting an armful of mail that weighed less than 2½ bushels of wheat.

The United States Lines has a contract with the Post Office Department for carrying mails over ocean mail route 44, between New York and London, a distance of 3,369 miles. Under this contract, and without regard to the amount of mail carried, this company is paid \$20,214 for each voyage, or at the rate of \$6 per mile for each outbound trip. On June 12, 1931, one of its steamers, *American Merchant*, sailed from New York with only 2 pounds of letters. Under the weight basis that prevailed before the enactment of the merchant marine act the cost of carrying 2 pounds of mail would have been only \$1.60, but for transporting less than a handful of letters this subsidized shipping corporation was paid \$20,214, or twelve thousand six hundred and thirty-three times the standard rates. Also, remember the United States Lines last year borrowed over \$15,000,000 at less than 1 per cent interest.

One of the interesting features of this graft disclosure is the fact that Kermit Roosevelt is an officer in the Roosevelt Steamship Co., that participated beyond the dreams of avarice in this wholesale looting of the taxpayers of the Nation. It will be remembered that this is the family of ex-President Theodore Roosevelt, and members of which fought valiantly for the present administration in the last campaign. They were also overcareful to let it be known that the relation between their family and Franklin D. Roosevelt's was very distant.

THE FARMER COMPLAINS

The farmer complains because he does not get as fair treatment from his Government as other groups get. The steamship companies that we have been talking about get loans from the Government in large sums, millions of dollars on 20 years' time and some of it at less than 1 per cent interest. The Dollar Steamship Co. about a year ago obtained a loan of over \$5,000,000, 20 years' time, at less than 1 per cent interest. By the way, Mr. Dollar is one of those fellows on top the mountain shouting, "Buy American." It has just recently been developed that some of his ships are manned entirely by Chinese working at very low wages, even as low as \$7 a month.

The Government loans farmers, but usually at from 6 to 9 per cent interest.

The Government lends a billion five hundred million dollars to the railroads, insurance companies, and banks. While they are so generous with these institutions they hand out just a few millions to farmers.

The facts are, based on value of the industry, agriculture should have had half of the Reconstruction Finance Corporation's funds. They did not get 10 per cent.

For 26 years the marketing of transportation has been Government regulated on a basis of rates that cover cost of production, including interest on investment. Farmers can not secure the same treatment from the Government. That is the reason they complain.

THE FRAZIER BILL

For two years the Frazier bill has been pending before Congress. You should write to one of your United States Senators and ask for a copy of this bill. It is S. 1197. This bill provides that the Government shall refinance farm mortgages at 1½ per cent interest and 1½ per cent on the principal each year until the debt is paid. Legislatures of the following States have passed resolutions memorializing Congress to enact the Frazier bill into law: Montana, North Dakota, South Dakota, Minnesota, Nevada, Nebraska, Tennessee, Illinois, and Wisconsin. Copies of the bill have been sent to every member of the house and senate in every State where the legislature is in session.

To all of you listening in who would like to see this bill become a law, write to your members of the legislature demanding they vote to memorialize Congress.

If we could get 20 State legislatures to do this it would be almost certain Congress would pass the bill.

THE WHEELER BILL

Senator BURTON K. WHEELER has introduced a bill known as S. 2487. This bill provides for the remonetization of silver at the present ratio of 16 to 1. If the bill should become a law, it means that silver has the same privilege at the United States mints that gold now enjoys.

You should write your Congressmen and Senators to support and vote for this bill.

A little later in this program I shall discuss the Wheeler bill more fully.

JOIN THE FARMER'S UNION

At this particular time, I want to call your attention just as forcibly as I know how to the fact that the Farmers' Union is the only farm organization working for and supporting the Frazier bill, the Wheeler bill, and working for a farm bill that will give farmers cost of production for that portion of their crops consumed in this country.

If you can get another farm organization leader here in Washington to write you that their organization in national convention has indorsed the Wheeler bill, has indorsed the Frazier bill, or that they are supporting them or are supporting any bill that provides for getting farmers cost of production for their products, I will make the first one sending me such a letter a present of a \$20 bill.

What I want you all to know is that the Farmers' Union organization is the only farm organization in the United States working for these measures. These measures are called radical and the Farmers' Union is a radical organization.

If you farmers listening in who are not members of the Farmers' Union want these bills to become laws, then join the organization that sponsored these bills and is working for their passage here in Washington. There is no other way for you to help put them over. If you are real conservative and think along the lines of international bankers that remonetization of silver is too radical, you have no business joining the Farmers' Union. You do not belong with us. If you feel like the Wheeler bill is a good thing there is just one way for you to help put it through Congress and get it signed by the President, and that is to join the Farmers' Union. If you believe like the big bankers, big insurance companies that 1½ per cent interest is too low a rate for farmers and that the Frazier bill is too radical a measure, then you have no business joining the Farmers' Union. If you feel like farmers are entitled to as much as railroads, power companies, and telephone institutions, that farmers are entitled to cost of production just like they receive in their rates, then you ought to join the Farmers' Union because it is the only way you can help to get such legislation. If you feel like farmers are not entitled to get cost of production as the big interests that handle grain, cotton, livestock, and other farm products think, if you feel that such legislation would be too radical for you to support, then you should not join the Farmers' Union. Farmers listening in, what I mean is that you have the opportunity of getting these things if you will only place yourselves in position by joining the Farmers' Union where you can ask for them. If you sit back at home refusing to join and such legislation is not passed you are the one to blame.

I talked along these lines in November and again the day before Christmas over National Broadcasting Co. Our national secretary, Mr. E. E. Kennedy, Kankakee, Ill., tells me we are beginning to get results. Those of you interested in organizing a local of the Farmers' Union in your neighborhood or become a member at large, write to our national secretary, E. E. Kennedy, Kankakee, Ill., for instructions. He will also tell you how Farmers' Union members are making their organization pay in dollars and cents by placing themselves in position where they can do collective bargaining. A Farmers' Union membership card is as much a part of farm equipment as the plow or the cultivator. Write to Mr. Kennedy and get your card now.

REMONETIZATION OF SILVER

Returning to the subject involved in the Wheeler bill, the remonetization of silver.

Silver and gold have been used as money from time immemorial. There is evidence of the use of silver and gold as far back as 3,000 years before Christ. On down through time the two metals worked side by side like a team of horses until 1816, when through deception and fraud the English Parliament was induced to demonetize silver.

The demonetization of silver in this country is known as the Crime of 1873.

Congressman Bright, who was a Member of the House of Representatives at that time, declared: "It passed by fraud, never having been printed in advance, being a substitute for the printed bill; never having been read at the Clerk's desk. It was passed without discussion. It was passed under such circumstances as escaped the attention of the ablest statesmen in Congress at that time. It is a fraud that will stink in the nose of posterity, and for which some persons must give an account in the day of retribution."

President Garfield, who was Congressman at the time, said: "Perhaps I ought to be ashamed to say so, but it is the truth to say that, I at that time being chairman of the Committee on Appropriations, and having my hands overfull during all that time with work, I never read the bill. I took it upon the faith of a prominent Democrat and a prominent Republican, and I do not know that I voted at all. There was no call of the yeas and nays, and nobody opposed the bill that I know of. It was put through as dozens of bills are, as my friend and I know, in Congress on the faith of the report of the chairman of the committees. Therefore I tell you, because it is the truth, that I have no knowledge about it."

General Grant, who was President at the time, afterwards declared, "I did not know that the act of 1873 demonetized silver. I was deceived in the matter."

It was indeed a crime. It turned the control of the basic money of the country completely into the hands of a few big bankers.

President Garfield also said, "Whoever controls the volume of money of any country is absolute master of all industry and commerce."

A study of the world supply of gold and silver reveals the fact that for the last 400 years production of these two metals has been at a ratio of about 14 to 1. This fact completely destroys the often-made statement that there is too much silver for the purposes of using all of it for money.

Another startling revelation is the fact that in all the world there is only \$11,000,000,000 of gold money. It is utterly impossible for the world to pay its debts and do the business of the world with only \$11,000,000,000 of basic money. Certainly everyone agrees that with rapid transportation of 1933, with the vast production of both raw and manufactured articles in 1933, and with the increased demand for a higher standard of living on the part of the peoples of every nation there should be a rapidly increasing volume of basic money. A search of records show a steadily decreasing production of gold ever since 1915.

The following editorial from the Philadelphia Evening Ledger in March, 1930, is in point: "Economists and statesmen have been worrying in recent years about the possibility of a shortage of gold. Last September the gold delegation of the financial committee of the League of Nations reported that the supply of new gold for monetary purposes will be inadequate by 1934 unless measures are taken in time to prevent the disaster. It was informally suggested this month that the use of gold in the arts be prohibited so that the amount available for use in trade might be increased.

"It has been argued that the decline in prices since the World War is due to the shortage of gold."

Economists everywhere agree that to take care of the increased business of the world gold production should increase each year at least 3 per cent. In the period between 1913 and 1930 under this estimate gold production should have increased 51 per cent. The facts are, that in that period of time it actually decreased 10 per cent.

In the last 12 months we have seen our Government try one plan after another to relieve the terrible depression that has covered the whole country. In every instance the result has been utter failure. We were told the moratorium would bring prosperity. It failed. We were told the Reconstruction Finance Corporation loans would bring prosperity. Complete failure again. Then we listened to the beautiful song entitled, "Anti-Hoarding." The results were nil. The last popular piece of music is entitled, "Buy American." It is just as silly as the song "Anti-Hoarding." We have tried taxing ourselves into prosperity. We have tried borrowing prosperity. We have tried singing prosperity. A year ago the Republicans and Democrats alike were blaming the high tariffs contained in the Hawley-Smoot bill. To-day the papers are claiming the tariffs are too low.

When will these statesmen learn the truth? When will they inform themselves why Canada can ship poultry and dairy products into this country to-day that she could not ship two years ago? When will they learn why Japan makes a large portion of the American flags used in the United States? When will they know why every nation on the face of the earth is paying the high tariff and then selling their goods to our people? There is just one reason. Our ignorant, criminal, big bankers, blinded by greed and avarice, refuse to concede that a nation with a high-priced dollar can purchase the products of other nations that have low-priced money, but can not sell their products to those nations with the low-priced money.

We boast about our high-priced gold dollar when it is the biggest enemy the people of this Nation have. It is the cause of many of these big fellows jumping out of the windows of tall buildings. It is the cause of nine-tenths of the murders and other crimes committed in this country. It is the cause of millions of people being idle, hungry, and cold. It is the cause of millions of farmers forced onto the highways, homeless, and without bread.

The Israelites in their most heathenish days never approached in degree the worship of gold as have the people of this Nation.

Remonetize silver to-morrow and China can buy of us, more than half the countries of the world can buy of us that now are barred from buying here. Remonetize silver to-morrow in order that we may trade with other nations, let this Government issue the paper money used in this country instead of giving that privilege to a handful of bankers and in 30 days we will be a happy people, knowing that prosperity is not just around the corner, but in our midst.

PRODUCERS OF RAW MATERIALS

Let me again remind you, as I have in former talks, that the producers of raw materials have a common interest. The producers of raw materials are the ones crushed in a time like this. If the producers of raw materials of this country, our agricultural products, lumber, coal, copper, and oil were receiving proper protection from their Government and profitable prices, there would be no such thing as unemployment.

The big interests of the country, the billionaires of our Nation, are the ones who prevent proper protection of our independent producers of this country. These billionaires own oil fields, forests, and coal mines in other countries and produce them with labor that costs in many places 10 cents a day and with low ocean freight rates made low by crooked mail contracts bring their cheap products in and crush our independents.

STATE LEGISLATION

Many of our State legislatures are in session. You should be watching all bills on taxation. You should be watching all appropriations. You should be watching the efforts of the railroads to legislate against the use of trucks, busses, and automobiles.

MOTOR LEGISLATION

A month ago I gave advance warning of the flood of bills that would be introduced in the various State legislatures designed to restrict and interfere with motor-vehicle transportation and to divert gasoline-tax funds to nonroad purposes. A brief review of the hundreds of bills of this kind that have been introduced in

the past few weeks in the 43 State legislatures now in session confirms my worst fears. In nearly every State bills are now pending which, unless defeated by farm forces and other users of motor vehicles, will not only increase the cost of operating or using automobiles, trucks, and busses but will actually drive many of the commercial carriers off the highways.

We must remember that farmers not only own approximately 900,000 trucks but each year as they seek more distant markets they must rely more and more on the larger commercial trucks.

So important is this matter of guarding in the various States against adverse legislation intended to hamper motor transportation that the heads of the three leading national farm organizations held a conference here a few days ago and issued a joint statement urging the State farm leaders as well as other users of motor vehicles to take active steps to oppose such legislation in their State legislatures.

Our statement was directed particularly against the so-called "model" bill developed by railroad interests as adopted by the National Association of Railroad Utilities Commissioners and urged for enactment in each State.

To bring as many private operators as possible under the iron hand of the law, the bill provides that where goods are transported for more than one consignor or to more than three consignees this shall be considered prima facie evidence of operation as a common carrier. A farmer could not carry a load for hire for two of his neighbors or deliver to more than three consignees without being forced to qualify as a common carrier, pay the fee, and undertake to get a certificate of convenience and necessity.

BE ENCOURAGED

As I come to the close of this hour I want to insist again that you farmers who agree with the Farmers' Union program, and who are not members of our organization, write our national secretary, E. E. Kennedy, Kankakee, Ill., for full information how you may become a member and organize a local of the Farmers' Union in your community. To all of you listening in let me ask you not to be discouraged. Relief is a thing of slow process.

About 12 years ago Senator GEORGE NORRIS offered a proposed constitutional amendment known as the lame-duck amendment. It provided that after a presidential election in November the President elected should be inaugurated January 20 instead of March 4. It also provided that a regular session of Congress should begin in January instead of a short session in December. Senator NORRIS was successful in getting this proposed amendment through the Senate a number of times, but he was never able to get it through the House of Representatives until about a year ago. In less than a year after submitting this proposed amendment to the various State legislatures it was ratified by the necessary 36 States. Not a legislature that has been in session since then has turned it down. In the last few days several more States have ratified it. It looks like it is so popular that every State will ratify it. Of course, it is a part of the Constitution now, but it continues to get ratification by State legislatures.

If Senator NORRIS could keep up this untiring fight for 12 years and then see his efforts adopted unanimously by the whole United States, it ought to encourage those of us working for the Wheeler bill, the Frazier bill, and the cost of production for farm products to continue our efforts until these measures become laws and prosperity and happiness the priceless possession of every family in the United States.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The pending amendment will be stated.

The LEGISLATIVE CLERK. On page 57, line 4, after the word "Provided," the Committee on Appropriations report, to strike out—

That no part of the money herein appropriated shall be paid on contract No. 56 to the Seatrain Co.: *Provided further,*

Mr. ODDIE. Mr. President, last night when the Senate recessed the Senator from Florida [Mr. FLETCHER] had the floor, and it was the understanding that he would complete his statement this morning. When he has completed it I would like to make a very brief statement regarding the validity of ocean mail contracts.

Mr. FLETCHER. Mr. President, I discussed this subject just before we adjourned last evening, and I wish to add only a few words with regard to certain points involved. I propose to limit so far as I can what I have to submit further, very largely because of the assurance, or the statement at least, of the Senator from Tennessee to the effect that if this amendment shall be agreed to it will not stay in the bill; that if the amendment goes to conference, the conferees will eliminate it. I hope that will prove to be true. I protest against this amendment reported by the committee. I think the provision of the House bill ought to remain, and

I hope the Senate will disagree to the committee amendment.

I wish to refer now to two points. When application is made for a mail contract the applicant sets out the services and routes and all the conditions which make the applicant eligible for such contract. The Shipping Board certifies to the Postmaster General the kind of service that is needed. This procedure applies, of course, to foreign trade. The purpose of the particular provision of the law was to encourage commerce between the United States and foreign countries, to make available the facilities necessary to handle that trade and that commerce. It is the whole purpose of this provision to help shipping.

So the Seatrain Corporation makes application for a mail contract. The service proposed was the operation of the so-called seatrains on a route between New Orleans and Habana. Habana being a foreign port, the applicant was eligible for this kind of a contract, and it took the usual course, but the whole purpose was to develop trade and commerce and afford facilities by the operation of these vessels between New Orleans and Habana.

The same representation was made to the Shipping Board when the Seatrain Corporation applied for a loan to build these two seatrain ships. The application was granted, supposing that that contract was perfectly valid and legal and that the corporation would stand by the contract as it was made. What has happened? The trade between New Orleans and Habana did not measure up to the expectations of this corporation. It has decreased, so that 20 per cent of their capacity only is needed to do the business between New Orleans and Habana, while 80 per cent of their capacity is required to carry on their business between New Orleans and New York, which is a coastwise operation, an altogether different operation from that originally undertaken. So now they are actually operating their ships between New Orleans and New York, carrying freight cars. That is their main business. They carry the mail from New Orleans to Habana, it is true, but Habana, instead of being the terminus is merely a port of call, and the Habana business, instead of being the main and primary and major portion of their enterprise is inconsequential and incidental. They are, I repeat, making Habana merely a port of call. Their business is coastwise, which is an altogether different kind of business from that originally contemplated and on which the contract was based.

It is said that when this condition developed they applied to the Shipping Board for permission to operate their seatrains coastwise, and that the Shipping Board, by means of force and compulsion and a club, as it were, obliged them to waive their mail pay for six months. The facts about that are these:

There is not the remotest dispute, Mr. President, that the Seatrain coastwise operations were not permitted by the loan contract with the Shipping Board and were not contemplated by the mail contract with the Postmaster General. While it is now plain that the Seatrain Co. had for many months intended to enter the coastwise trade, it failed to request the board's permission until September 23, 1932, about 10 days before their first sailing from New York. They delayed requesting the Shipping Board for a permit to change the character of their operations, and the insistence that they could not sail until this matter was passed upon was due to their own fault.

The board called a public hearing on September 29, at which it received abundant evidence that such coastwise operations, in connection with a subsidy, would be greatly damaging to other shipping operators and to the railroads. There can be no question about that. It is an unheard of proposition that vessels operating along the coast, doing a coastwise business, are entitled to a subvention because they happen to make a foreign port a port of call, and, therefore, call it a foreign operation. In other words, this concern is being given a subvention in the way of a mail contract amounting to \$240,000 a year, running for 10 years, involving in the aggregate of \$2,400,000, when their business is mainly coastwise, thus giving them an advantage over

all ships operating along the coast and over the railroads and all carriers engaged in that kind of commerce. I do not see that that is defensible at all.

So, after these hearings, and after weighing the evidence, the board decided that it would not grant coastwise permission unless the Seatrain Corporation waived their mail subsidy, especially as they had told the board that 80 per cent of their business would be coastwise and 20 per cent or less would be foreign trade to Cuba. That is their own statement.

The chairman of the Shipping Board took it up with the Acting Postmaster General and got the written approval of the Post Office Department to the proposal that no mail pay be granted. The board itself then adopted a resolution granting a coastwise permit but object to the Seatrain's waiving mail pay. I have a communication from the board to that effect, setting out the resolution, and I ask to have it inserted in the Record as a part of my remarks at this point.

The VICE PRESIDENT. Without objection, that order will be made.

The communication referred to is as follows:

UNITED STATES SHIPPING BOARD,
Washington, January 5, 1933.

HON. DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: Acknowledgment is made of the receipt of your letter of January 4, 1933, in which you request advice as to what action the Shipping Board has taken as relates to mail-contract payments to the Seatrain Lines (Inc.).

The board, in its discretion on October 6, 1932, passed the following resolution:

"Resolved, That the Seatrain Lines (Inc.) be authorized to carry on coastwise trade between the ports of New York and New Orleans via Habana in the new Seatrain vessels for a period of six months from this date: *Provided, however,* That during said period said Seatrain Lines (Inc.) shall relinquish all mail compensation which may be payable under their mail contract No. 56 for services rendered during said six months' period, and all mail money which might otherwise be due during said six months' period shall be withheld and shall not be paid to the Seatrain Lines (Inc.) by the Postmaster General: *And provided further,* That this resolution shall become effective only upon the written consent and agreement of the said Seatrain Lines (Inc.), nor shall this temporary approval of said proposed service in any wise change or amend existing contracts between the Seatrain Lines (Inc.) and the United States, except so far as is hereinabove set forth, nor shall anything herein contained affect in any way the validity of said mail contract."

On December 21, 1932, the board, upon reconsideration and for the purpose of leaving to the Postmaster General the exercise of his authority with respect to mail pay, passed the following resolution:

"Whereas the United States Shipping Board, at a meeting on October 6, 1932, adopted a resolution, a copy whereof is hereto attached; and

"Whereas it has been brought to the attention of the United States Shipping Board that the requirement of the said resolution that Seatrain Lines (Inc.) shall relinquish all mail compensation which may be payable under their mail contract No. 56 for services rendered during said six months' period, and all mail money which might otherwise be due during said six months' period should be withheld and should not be paid to the Seatrain Lines (Inc.) by the Postmaster General, concerns only the Post Office Department of the Government: Be it

"Resolved, That said United States Shipping Board now declare that said requirement for the relinquishment of mail compensation and for the withholding of the same be, and the same is hereby, removed from the said resolution of October 6, 1932, and that the said resolution of October 6, 1932, in all other respects shall remain in full force and effect."

Should you desire any further information we will be pleased to respond to your requests.

Very truly yours,

T. V. O'CONNOR, Chairman.

Mr. FLETCHER. The resolution was signed and accepted by the Seatrain people, and several weeks later ratified by their board of directors. Second Assistant Postmaster General Glover told the House committee, at page 142 of the hearings, as follows:

They waived the claim, and the Shipping Board put it into a resolution, and the resolution was sent to the Comptroller General, so it would be impossible for the Post Office Department to make the payment.

That is the situation, and yet an effort is being made to have this appropriation made according to the original arrangement and undertaking.

With reference to the question raised by the Senator from New York, admitting the original contract was valid, saying nothing about that, they come now and ask to change and modify that contract so that they may do a coastwise business, which was never contemplated originally. I submit that they can not modify that contract; they can not change the contract so as to engage in the field of coastwise business, which would be a departure from their original undertaking entirely, without giving the public the right to bid on such contracts. In other words, the advertisements originally specified that the service was to be between New Orleans and Habana, and the contract was based upon that. They now admit that it was, but that they are actually operating between New York and New Orleans and making Habana merely a port of call. They changed their original purpose, and the only reason they give for it is that the business between Habana and New Orleans has decreased.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. I yield.

Mr. COPELAND. I call the attention of the Senator from Florida to the fact that on the 11th of January of this year the Postmaster General, according to a letter which was put in the RECORD last night by the Senator from Nevada [Mr. ODDIE], which is found on page 2674, says—I will not attempt to read all the letter, but merely the last paragraph—

In view of the premises and considerations stated in your letter, it would, in my opinion, be in the interest of the Government to accept your proposal, and I hereby agree to the modification of the contract on ocean mail route No. 56 accordingly.

So there is a contract.

Mr. FLETCHER. There was a contract, I admit.

Mr. COPELAND. Yes; but speaking about the act of June 5, 1921, whereby the General Accounting Office was established, section 618 expressly provides that the Comptroller General shall specifically report to the Congress every expenditure or contract made by any department or establishment in any year in violation of law. If there is a valid contract, certainly the Senator from Florida does not wish to set that aside. If this contract is not valid and the fact that it is not valid is the belief of the Comptroller General, it is his duty under the law to proceed in the matter.

As I said last night to the Senator, I have no particular interest in the Seatrain matter; I have much greater interest in many other lines; but I should dislike to see the Senate take any action which seems to be in the direction of abrogating a contract. My judgment is, I may say to the Senator, that there is a contract. Whether it was a wise contract I am not discussing; but there is a contract, and certainly the Senator would not wish, if there is such a contract, to set it aside. Am I right in that?

Mr. FLETCHER. The Senator is quite right; I do not want to violate any contract or set aside a valid contract. My contention is that when these people themselves agreed that they would not ask for this pay on condition that they should be allowed to operate their ships in the coastwise trade, they changed the contract; they abandoned their original contract; they destroyed that contract. They have proposed a new contract upon new conditions and a new consideration, and that is the matter that is pending now with the Postmaster General. I did not know he had decided it; I do not think he can decide it.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. FLETCHER. Yes.

Mr. COPELAND. I heard the story for the first time from what the Senator from Pennsylvania [Mr. REED] said yesterday, that in a sense this line was coerced.

Mr. FLETCHER. I just made a statement with reference to that.

Mr. COPELAND. Oh, the Senator explained the matter?

Mr. FLETCHER. Yes. There was no coercion whatever. That is absurd. They never applied until 10 days before their first sailing. I gave the date here. That was

the first time they asked the Shipping Board for permission to operate coastwise. Then the Shipping Board gave hearings on the matter; and the Shipping Board said, "We will not permit you to engage in this trade, contrary to your original undertaking, unless you waive mail pay"; and the company agreed to that.

Mr. COPELAND. So far as I am concerned, I do not believe in an arrangement which has a dual service—a foreign and a coastal service both. We must protect our coastal service; but, at the same time, as I view it, we have entered into a solemn contract with this company through the agency set up by the Congress.

Mr. FLETCHER. To operate a service between New Orleans and Habana.

Mr. COPELAND. But through an agency set up by the Congress, the Postmaster General, there has been made a new contract, in which the Postmaster General has sought to protect the country by subtracting from the total amount which the Seatrain Co. could receive under the original contract such earnings as it gets from this modification of that contract.

Mr. FLETCHER. How has that contract been made—by a communication, by letters from these people? There has been no new contract made. There has been no new document signed, no agreement made. It is simply suggested in that letter that the Postmaster General has written to the Seatrain people that he would do so-and-so. He has not any authority to do anything of the kind. Let me call the Senator's attention to this fact:

The Post Office officials are required by law to let these contracts subject to competitive bidding. They are required to advertise to the public what they propose to do, and call for bids. The whole public is entitled to submit bids. The advertisement in this case was for operating a service between New Orleans and Habana. That was the bid; and the department went so far as to specify boats that would be operated in such a way that only the Seatrain Co. could bid. But, assume that other people were allowed to bid, that was the bidding they were required to make, with reference to a service between New Orleans and Habana.

It is a different proposition altogether where the contract is proposed to be made with a concern that proposes to operate their ships coastwise and make Habana merely a port of call. It is altogether a different proposal, and the public is entitled to bid upon that proposal. The Postmaster General, under the law, must advertise for bids for carrying the mail between Habana and New Orleans by ships that only make Habana a port of call and are operating between New York and New Orleans. If that advertisement were inserted and the public had an opportunity to bid upon that service, we would get an entirely different bid from the bid that was obtained on the service from New Orleans and Habana.

There are plenty of ships engaged in the coastwise trade that would not mind making a little triangle off to Habana. Habana is only 96 miles from the coast of Florida. It is practically all coastwise trade; but Habana is in a foreign country, and therefore, technically, we call it foreign trade. The purpose was to build up the business between New Orleans and Habana.

This company proceeded to operate the ships between New York and New Orleans. Eighty per cent of their enterprise is devoted to that service and only 20 per cent of their enterprise to carrying business between New Orleans and Habana. Instead of Habana being the terminus of that service and the main thing to be served, now it is New York, coastwise business, and Habana is merely a port of call. So that that is a different proposition; and I submit that before the Postmaster General could let a contract for that kind of service, he must advertise it; he must offer it to the public and give the public the right to bid. There are plenty of ships owned by other companies that would have bid. His duty is to let this contract to the lowest and best bidder. There are plenty of shipping companies that would like to bid on a contract of that sort, much more than if they were required

to establish a service simply between New Orleans and Habana.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from New York.

Mr. COPELAND. No one in the Senate is more anxious to do the right and just thing than the Senator from Florida. I know that; but the Senator recites certain facts and the law, and if he is right the country is protected, because the Comptroller General has ample authority to deal with the problem.

I want to point out to the Senator, however, that, regardless of whether or not the Senator from Pennsylvania [Mr. REED] was right, the fact remains that the matter became in controversy and the parties appeared before the Shipping Board; and the Shipping Board, by a resolution adopted on the 6th of October last, amended a resolution adopted in December.

Mr. FLETCHER. Simply by striking out that part of the resolution with reference to the pay. That, of course, is a matter for the Postmaster General.

Mr. COPELAND. Well, the Shipping Board—and I think the Senator will agree with me that the Shipping Board has always sought to protect intercoastal shipping—the Shipping Board by resolution determined that it was a proper thing and a wise thing to modify this contract with the Seatrain Co. Then, as I have already indicated, on the 11th of January the Postmaster General, acting under the law, did modify the contract.

Mr. FLETCHER. If he could.

Mr. COPELAND. If he could. He did it, anyhow, as far as he could. Now, if he did it in violation of law, we have ample protection in that the Comptroller General must pass upon it.

Mr. FLETCHER. Yes.

Mr. COPELAND. But it is a fact, of course, that the Seatrain Co. has a smaller return by reason of this modification. We are paying the Seatrain Co. less money than we did before.

We have an interest in the Seatrain ships, in that we have a mortgage on those ships, have we not?

Mr. FLETCHER. Yes; and the Sun Shipbuilding Co. and these other people that built the ships have an interest in them, and they are the ones that are wanting this mail pay.

Mr. COPELAND. Regardless of who wants the mail pay, unless this line can be made to succeed, unless it is preserved from bankruptcy and destruction, the ships will come back on our hands. That is what is going to happen.

As I have frequently said, I am not particularly interested in this Seatrain business. I am much more interested in the coastwise service from New York; but the thing that impressed me in the first place about the Seatrain service was that it was represented to us that these ships would be useful in time of war as airplane carriers. Am I not right in that?

Mr. FLETCHER. There is some claim of that sort, but a good many people think that is buncombe.

Mr. COPELAND. Anyhow, the Government has a mortgage upon the ships?

Mr. FLETCHER. Yes.

Mr. COPELAND. And if the company is not permitted to operate—and in this time of economic depression it is doubtful if it could operate if it did not receive this assistance—probably the ships will come back on our hands. If we want them, that is all right; but my judgment is that we had better let the Comptroller General fight out the matter with this company; and if the contract has been made in violation of law, justice will be done to the United States.

Mr. FLETCHER. Of course, the Senator or anybody can build ships and operate them coastwise at any time. Nobody denies the right of this company to operate the ships in the coastwise business; but they are not entitled to a subsidy from the Government when they go into that business in competition with all other coastwise shipping and the railroads that also carry freight in the same direction. That is what the Shipping Board said: "You can go on; we will

give you permission to operate coastwise, but you must waive your mail pay."

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. FLETCHER. I yield.

Mr. REED. Is it not true that the people who are complaining of the mail contract of the Seatrain Co. themselves have mail contracts and always have had?

Mr. FLETCHER. I do not know anything about that. I do not know what people the Senator has in mind.

Mr. REED. The Senator knows that the Florida East Coast Railroad Co. and the Southern Pacific Railroad Co. both have mail contracts, have they not?

Mr. FLETCHER. They probably have. I do not know. I never inquired.

Mr. REED. Why do they find fault with the Seatrain Co., then, because it has a mail contract?

Mr. FLETCHER. I never inquired about that. I know that an American citizen, Henry M. Flagler, solely and alone, without asking anything from the Government from the day he was born to the day he died, put up the money to build three car-ferry ships to operate between Key West and Habana. He operated those ships at his own expense, at his own cost, at his own risk. He built them at his own risk. He never asked the Government for a single cent. These ferries were operating between Key West and Habana. Some people thought Mr. Flagler was wild, that it was a mere dream to think about building three ferryboats to carry freight between Key West and Habana; but I never will forget what he said to me on the subject when I happened to be invited to ride with him from St. Augustine to Jacksonville. This was before this road was completed to Key West, before the Overseas Railroad was built at all. The railroad then terminated in Miami. He said: "I hope to see the day when we can load a freight car in Chicago and unload it in Santiago."

I thought it was a perfectly wild idea; but he did live to see that day. He built that road to Key West at his own expense. He built these ferryboats—first, one, and then the business grew until he built another, and it continued to grow until he built a third at his own expense. He operated them, and the cars were loaded in Chicago, carried on the ferry from Key West to Habana, and from there by railroad to Santiago. He lived to see that time.

Later that business fell off. Those ferries became a tax, a burden, a liability on Mr. Flagler's hands—two of them, at least. He was willing to put those ferries into the business between New Orleans and Habana, because the trade from Habana to New Orleans had developed very largely, and Key West was somewhat eliminated from it. He was willing to put the car ferries on that route. He applied to the Interstate Commerce Commission for permission to operate these car ferries from New Orleans to Habana, and these other people came in and said, "We have a much better, bigger boat. Your boats carry only 30 cars each. We have an outfit that will carry 90 cars, and we want this business ourselves." So they proceeded to apply for a loan, for a contract, representing that they were going to do that business between New Orleans and Habana. That was their representation. While the petition of the car ferry company from Key West was pending before the Interstate Commerce Commission, these people stepped in and got this contract.

All right. That shut out the car ferry between Key West and Habana. Those car ferries are still idle, I presume; but they were ample to do that business. I contended when this contract was made that the business between New Orleans and Habana did not warrant this tremendous investment in these tremendous seatrains.

Now, you see what has happened. They do not intend to operate between New Orleans and Habana, as they undertook to do. They are engaged in the coastwise trade from New York to New Orleans, with Habana merely a port of call. It is not foreign commerce; it is coastwise trade in which they are engaged. That is the point I am making.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator.

Mr. KING. I ask the Senator if the evidence appearing in all of the records up to date, and the hearings, do not justify and, indeed, compel the conclusion that the Seatrain Co. obtained this contract from the Postmaster General fraudulently by the concealment of their purposes and of their plans?

Mr. FLETCHER. I do not care to go into all that. That is ancient history, in a way. I simply say they got the contract. I am not questioning the validity of that contract originally, but I am questioning the power of the Postmaster General or anybody else who so changed that contract as to destroy its substance and its characteristics. It was based upon the idea of foreign commerce. That was the only consideration upon which they had a right to let the contract. It was called foreign commerce because it passed from an American port to a port in Cuba. I am not questioning that. But now they are not doing what the contract calls for; they are not making Habana a terminus of their service at all. They are not making Cuban business the main part or a large part of the service. They testified that the Cuban business amounted to only 20 per cent of their capacity, that their main business, 80 per cent of it, was coastwise business. That never was contemplated in the beginning, and nothing was said about it until they got the loan from the Shipping Board to build the ships and had them built. Then they decided they were going to operate them coastwise. Whether they intended that originally or not I am not saying, but they did not so represent it, and it was not included in the advertisement or the call for bids for this contract.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER (Mr. CUTTING in the chair). Does the Senator from Florida yield to the Senator from Nebraska?

Mr. FLETCHER. I yield.

Mr. NORRIS. I have no knowledge about this contract, and I want to get the facts correctly in my mind if I can. I want to assume that they did what the Senator said and that they used Habana as a port of call only. What injury would result to anybody, assuming all of that to be true? Who was hurt by it? Was the Government injured in any way by that?

Mr. FLETCHER. In the first place, they are getting a Government subsidy, and they are competing with all vessels engaged in the coastwise trade of the United States.

Mr. NORRIS. Again I am uninformed, and I am inquiring for information only when I ask whether those other vessels which compete are also getting a subsidy in the coastwise trade?

Mr. FLETCHER. No; not one.

Mr. KING. They could not get it.

Mr. NORRIS. Why not?

Mr. FLETCHER. Because this mail contract applies only to vessels engaged in foreign commerce.

Mr. NORRIS. And they get their contract on the basis of going to Cuba?

Mr. FLETCHER. Yes.

Mr. NORRIS. And use that as a means by which they engage in coastwise trade?

Mr. FLETCHER. Yes; and get \$240,000 a year advantage over every American vessel engaged in the coastwise business.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. SMOOT. The Seatrain Co. admits that if the ships are partly loaded with freight for New York their operation then is not 100 per cent a foreign operation but is partly a domestic or coastwise operation, and they are willing to waive the proportion of their mail pay their coastwise cargo bears to the total earnings of the voyage. That is how it is connected with the coastwise trade and the contract of the Seatrain Co.

Mr. FLETCHER. In other words, they made a proposition for service between New Orleans and Habana, which is

foreign service. They qualified in that way; they got a contract based on that service between New Orleans and Habana and nowhere else. Now they propose to change their service from New Orleans to New York, with a stopping place at Habana. That is the proposition.

I contend, in the first place, that the Postmaster General has not any right to change that advertisement and that classification and that contract, which was made for service between New Orleans and Habana, so as to let the contractor operate to New York in the regular coastwise trade, and merely make Habana a port of call. I say that if that had been the original proposition, if it is to-day the proposition—and that seems to be what they want—then it is the duty of the Postmaster General, under the law, to call for competitive bids and give all American vessels which are engaged in the coastwise business an opportunity to bid on the contract, advising them that they might be awarded the contract because they stop on their way from New Orleans to New York at Galveston, Mobile, Houston, or any other port on the Gulf. Let this opportunity be given to the public to bid on such a contract. Nobody else has had any chance to do that, because the only offer of service was between New Orleans and Habana. If the service is to be coastwise service, with a stop at Habana, let it be open to the public, and let other companies operating ships which are engaged in the coastwise business have an opportunity to bid.

It seems to me there can be no escape from my contention, because the law requires that the Postmaster General shall advertise for bids, and that the public shall be given the opportunity, and then the Postmaster General must accept the lowest and best bid.

Regarding the Comptroller General, I want to read from his statement to the Postmaster General with reference to this contract. He said:

No charges against appropriated funds will be approved for payment to the Over-Seas Railways (Inc.), under the contract you report as having been awarded until there have been presented the facts requested in my letter of October 24, 1931, and such facts are shown to bring the contract within the terms of the statute.

It is doubtful whether the Comptroller General will allow any payment at all under the original contract. That is his holding. The facts he has requested have not been presented to him, and I am quite sure he would not approve of payment based upon a modification of a contract made by correspondence between the parties.

I beg pardon for taking so much time, and I shall not discuss the matter any longer. I submit it to the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had insisted upon its amendment to the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. Evans of Montana, Mr. Yon, and Mr. Colton were appointed managers on the part of the House at the conference.

THE FIVE-DAY WEEK

Mr. BLACK. Mr. President, I do not desire to divert the attention of the Senate for any length of time from the subject under discussion, but there seems to be in some places a misapprehension as to the reason for holding hearings at the present time on a bill providing for a 5-day week and a 6-hour day. I wish to call the Senate's attention at this time to an article appearing in this morning's Washington Herald containing a statement attributed to Mr. Henry Ford, in which he is reported to have said:

My competitors are trying to stop another Ford car from being made. They have succeeded for a few hours, but I will fight them.

The truth is that certain bankers, in cooperation with certain of my competitors, are trying to obtain control of this concern and their effort is to prevent the new Ford from leaving the factory.

At the very time that statement was being made a witness was testifying before a subcommittee of the Senate

Committee on the Judiciary considering the measure providing for a 5-day week and a 6-hour day. That witness was calling attention to the fact that a very small group of banks in the city of New York had practically obtained complete control of the financial affairs of this Nation. It is quite a coincidence that Mr. Ford, who can certainly not be said to be opposed to the money interests of this country, should have given out this statement at the present time.

Our attention was called in the committee to the fact that 8 New York commercial banks hold 3,741 directorships in other banks and businesses in this country. Among the companies in which these banks hold directorships are automobile manufacturing companies competing with Mr. Ford.

It was shown in the hearing that the Chase National Bank, of New York, holds directorships in 855 different industrial and manufacturing and banking institutions. It was shown that one man holds 125 different directorships in the large business institutions of this country. Of course, it is impossible for him to perform his duties as a director in 125 large institutions, but it does show the immense extent to which these large banking interests have taken control of the money affairs of this Nation and have spread their tentacles to every nook and hamlet in America.

I mention this matter in connection with the pending bill for this reason: We are holding hearings on a measure providing for a 5-day week and a 6-hour day. If there are those here who think those hearings are simply being conducted so as to collect evidence, without the idea of passing the measure before us, I want to let them know that they can abandon any such conception.

What connection is there between the control of the affairs of this Nation by these banking institutions and a 5-day week and a 6-hour day? In the current issue of the National City Bank Bulletin, published in January of this year, appears an argument against just such a movement. The argument is made that wages must be further deflated in order to bring about prosperity to the United States.

It is also stated in the same bulletin, showing the humane attitude taken, that the dairy interests of New York are suffering by reason of a surplus of dairy products, and it is stated in the bulletin that they are suffering from the surplus on account of the fact that the consumers, the men, women, and children of New York, are no longer able to buy milk.

They do not suggest as a remedy that the purchasing power of those who buy the milk be increased, but their remedy is further to deflate their wages and bring about, if possible, a decrease in the production of milk to be supplied to the hungry men, women, and children of New York City.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. THOMAS of Oklahoma. A study of the submitted records shows that the three largest banks in New York have combined resources of slightly less than \$6,000,000,000. If those banks can exert the power the Senator indicates they are exerting, with their present resources, what might be the result of a chain banking system, under which the banking facilities of the country might ultimately be centered in New York?

Mr. BLACK. I will state to the Senator that as the evidence is developing before the subcommittee, it is indicated that they have almost all the power they could have under any conditions. I agree with the Senator fully with reference to his objection to chain banks and to branch banking, but the evidence is developing before the committee that the eight banks which were named have extended their control to every business activity in America, that they have demanded that wages be reduced, that they have opposed keeping men on pay rolls, that they have coerced the business enterprises of the country into adopting the policy which this small group of banks desire to be adopted.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Alabama yield further to the Senator from Oklahoma?

Mr. BLACK. I yield.

Mr. THOMAS of Oklahoma. If these few banks, with their small resources of a few billion dollars, can exert the power they exert now, under the chain system or branch bank system, I think the Senator will agree that very soon the entire banking resources of the United States, amounting to something like \$60,000,000,000, would be centered in them. Then if they can exercise this power with so small a resource power as \$6,000,000,000, what could they not do throughout the world with a \$60,000,000,000 of resource power?

Mr. BLACK. The evidence tends to indicate that they have the \$60,000,000,000 resource power now through their control of business activities—automobile manufactures, chemical enterprises, public utilities, and railroads. One of the strange things is that the evidence has already shown that some of the railroads which have borrowed money from the Reconstruction Finance Corporation have sitting on their boards of directors members of the board of directors of the Chase National Bank, of New York, and of the other banks in New York.

Mr. President, it is not my intention this morning to discuss this matter at any length. I expect early next week to give to the Senate a résumé of some of the evidence which has been brought before the Senate committee on the 5-day week and the 6-hour day. But at this time I wish to invite the attention of the Senate to the fact that there have been few matters proposed in this body, very few, which strike at the fundamentals of the widespread distress which exists in America to-day. There has been an attempt, of course, to give employment by lending money through the Reconstruction Finance Corporation to various business enterprises, some of which are tottering. That has not increased employment. There have been various other methods suggested, such as the moratorium on foreign debts, and other plans. It has even been suggested that all that is needed is to balance the Budget and everybody will be put to work.

Mr. President, the 5-day-week and 6-hour-day plan is one of the few measures that have been proposed which strike at the fundamentals of unemployment in the United States. I do not know whether we can bring in a report at this regular session or not. I hope we can. I believe the shorter work week and the shorter work day are inevitably going to help business recovery in this Nation. I have no question as to the Supreme Court sustaining the constitutionality of the bill which I have offered. I intend to bring before the Senate from time to time from now on, in an effort to get this remedy before the Senate and before the people of the country, the imperative necessity for taking action quickly in order to relieve the widespread distress, misery, human suffering, and poverty which exist all over the Nation.

I invite those Senators who may be interested in the form of the bill, who may be interested with reference to different phases of the bill which will come before the body, if they have constituents who have objections to the measure and who wish to suggest amendments or exceptions to make it work in a more satisfactory way, to have them come before the committee. We do not want any claim made after the bill is reported back to the Senate that there was not ample opportunity for hearing. We have let everyone come for or against the measure who desired to appear before the committee. We shall meet again next Tuesday morning, and it is our intention to remain in session long enough to give all who are interested a chance to appear before the committee. But we do not want anyone, after the bill has been returned to the Senate, to come here and make an effort to delay the consideration of one of the few measures which have been offered to give employment to the people of the country, by saying they did not have an opportunity for a hearing before the committee.

Mr. BROUSSARD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BLACK. I yield.

Mr. BROUSSARD. Has there been evidence produced before the committee as to certain corporations dealing with securities who have borrowed money from the Reconstruction Finance Corporation and within a month afterward have gone into the hands of receivers, after paying to certain banks large loans which they had secured?

Mr. BLACK. That is not within the scope of the activities of the committee. The only reason why the committee has had before it anything in connection with the consolidation of the huge power in the banking interests in New York is because Mr. Frey stated to the committee that he had found that it is no longer possible for the laboring men, through their organizations, to deal with the managers of business enterprises. They have discovered that the business enterprises are subject to the orders and to the coercion of bankers, who in turn are controlled by a small group of banks in New York. For that reason we have been going into the question of that power, and we intend to go into it just as fully as the scope of our power will permit.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Colorado?

Mr. BLACK. I yield.

Mr. COSTIGAN. The Senator's forceful remarks on the measure introduced by him might well have been made in connection with section 11, page 76, of the pending bill, which provides, in part, that any employees of the Veterans' Administration homes, hospitals, or combined facilities are to be, in the discretion of the Veterans' Affairs Administrator, subject to orders to work for seven hours on Saturday. The section as drafted further provides that the work of such employees in excess of four hours on Saturdays shall not entitle such employees to an equal shortening of the work day on some other day or to additional compensation therefor. While the Senator is properly urging the Senate to recognize the merits and great importance of his general measure, I wish to inquire whether he does not think the Senate should carefully scrutinize any such provisions in pending legislation?

Mr. BLACK. May I state to the Senator from Colorado that I have in my office a letter from a veteran who sought a position with the Veterans' Bureau until he learned about the hours he would be compelled to work. He discovered they were so long in a certain hospital that he did not feel he could perform labor for the long period of time that would be required of him, and for that reason withdrew his application for the position. I certainly think the Senator is correct in connection with the suggestion that has been made.

Mr. President, I shall not longer detain the Senate at this time, because it is my intention to bring before the Senate next week a résumé of some of the evidence which has been brought to bear in connection with this bill and the imperative necessity for the Senate to begin to realize that, however important it may be to balance the Budget, the paramount question before the American people to-day is what we are going to do with the 12,000,000 who are wholly and completely out of work and perhaps 12,000,000 more who are working on half time.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. TRAMMELL. Mr. President, I hope the action of the committee in regard to the so-called Seatrain item in the appropriation bill will not be sustained and that, to the contrary, the action of the House in writing the provision in the pending measure shall prevail. At the time the House specified that no part of the appropriation for foreign mail service should be paid to the Seatrain Co., even the Postmaster General had not agreed to any part of the funds

being used for that purpose, but, on the contrary, the Assistant Postmaster General, as appears from the hearings before the House committee, had stated that he did not believe the Postmaster General would make a payment to the Seatrain Co. under its old contract, considering the character of service in which it is now engaged.

The question now resolves itself into whether or not this branch of the Congress desires to go on record in favor of authorizing—or encouraging at least—the Postmaster General to make a modified contract under all the circumstances. As I said, according to the evidence of Mr. Glover, the Assistant Postmaster General, at the time the House took action, the Postmaster General had not made any modification whatever of the contract with this company.

I take it that any Senator knows full well that under a contract which provides for mail service from New Orleans to Habana, Cuba, under the subsidy provision of the law, the contractors are not entitled to any pay when they do not comply with the terms of their contract. Certainly they are not complying with the terms of that contract when they engage their vessels primarily in coastwise trade as they are doing at the present time.

Mr. LONG. Mr. President, will the Senator permit me to ask him a question?

Mr. TRAMMELL. Certainly.

Mr. LONG. What is the Senator's view about what we ought to do? We all know these contracts are merely mail subsidies, but I think we know too that if we are to keep the American merchant marine in operation there will have to be some help granted. What position does the Senator take on that question?

Mr. TRAMMELL. I think they will have to have considerable help if they keep on building ships which are not needed and are not required for maintenance of the merchant marine, but help to drive existing merchant-marine facilities out of business. Of course, that is a matter of decision for the Shipping Board in regard to the financing.

Mr. LONG. I am taking an absolutely disinterested view. The seatrain runs through my town; that is, it loads and unloads principally in New Orleans. I am taking no view at all. Ought we to continue, if necessary to keep up the merchant marine, to subsidize it? Is it necessary? If it is, I think we ought to try to keep the merchant marine. If it is not, then I am in favor of abolishing it.

Mr. TRAMMELL. I think at the time of the enactment of the subsidy provision of the law that it was necessary to encourage our merchant marine, and, of course, where we have legal, binding contracts, free of any fraud, it is the duty of the Government to maintain such contracts. I feel that way about it.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to his colleague?

Mr. TRAMMELL. I yield.

Mr. FLETCHER. May I suggest, relative to the inquiry of the Senator from Louisiana, that I am cordially in favor of continuing the Government mail contracts as a benefit to the American merchant marine. There is a necessity for doing that; but that is a different question from this. The question here is as to a specific contract, not affecting the general policy. I am for the law and policy as they stand; but where an agency of the Government is given power to enter into contracts there may be instances in the case of a particular contract where a mistake has been made and where the contract itself is seriously objectionable, without affecting the general policy and principle of ocean mail contracts.

Mr. LONG. I do not know but that this particular subsidy is doing as much harm as it is doing good. The Seatrain subsidy is doing this much harm: We have built considerable port facilities that are used for carrying on commerce. The Seatrain Co. just runs freight cars from the rails on the docks to the rails on the ships; and no benefit is derived from the subsidy that is paid by the Government.

Mr. TRAMMELL. Mr. President, I think it was a very serious mistake on the part of the Shipping Board and on the part of the Postmaster General to enter into the contract

originally, and that it was in contravention, at least, of the spirit of the law which authorizes the Shipping Board to assist in financing the construction of ships. It was certainly a violation of the spirit of the law, and now it would be doubly so for the Postmaster General to extend and enlarge that subsidy to a coastwise operation, which comprises about 80 per cent of the activities of the Seatrain Co.

Mr. LONG. We might just as well subsidize the passenger traffic.

Mr. TRAMMELL. We might just as well grant a subsidy to all ships which operate from New Orleans up the east coast to New York and which make Habana a port of call.

Ever since I was a boy in Florida I can recall that ships have been operating from New Orleans to New York by Florida ports and by Habana, making that a trade route. That is all the Seatrain ships are doing; primarily they are engaged in a coastal business, and they merely make Habana a port of call, Habana being some ninety-odd miles from the Florida coast.

The question plainly confronts this branch of Congress as to whether or not it is going on record in favor of permitting the Postmaster General to change the terms of that contract in such a way as will be violative of the spirit of the Shipping Board act and the merchant marine act, and violative of the spirit if not the letter—and I rather think the letter—of the law authorizing the Postmaster General to pay subsidies.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Massachusetts?

Mr. TRAMMELL. I yield.

Mr. WALSH of Massachusetts. I understand the Senator from Florida to be in favor of the House provision?

Mr. TRAMMELL. I am in favor of the action of the House of Representatives whereby a proviso was inserted to the effect that no part of the appropriation should be used for the purpose of paying the Seatrain contract.

Mr. WALSH of Massachusetts. In other words, the Senator is opposed to the Senate committee amendment striking out the House provision?

Mr. TRAMMELL. That is my position, yes; I am opposed to that.

Mr. WALSH of Massachusetts. May I inquire if the House provision is a new provision in Post Office appropriation bills?

Mr. TRAMMELL. No; it is not a new one. The House inserted a similar provision last year.

Mr. WALSH of Massachusetts. How long has this provision been in the appropriation bill?

Mr. TRAMMELL. Last year was the first time, because the controversy did not arise until last year. What moved the House to its action last year was the manner in which the contract was made and the manipulations and scheming which clearly, from the evidence in the case, were carried on by the Post Office Department and the Shipping Board in connection with the initial steps in providing a subsidy, and so on.

Mr. WALSH of Massachusetts. The Senator from Maine [Mr. WHITE] tells me that this provision was in the House bill last year.

Mr. TRAMMELL. It was; that is what I say.

Mr. WALSH of Massachusetts. But that it was stricken out in the Senate, and in conference was eliminated from the bill as it was finally enacted. Is that true?

Mr. TRAMMELL. That is true; and I think, of course, the Senate made a mistake at that time. However, the view of the majority of the Senate was otherwise. But now we have a different situation.

Mr. WALSH of Massachusetts. Will the Senator state concisely and briefly just what change will be made in the mail contract of the Post Office Department if this proviso shall be eliminated from the bill?

Mr. FLETCHER. None.

Mr. TRAMMELL. I do not know. We can not tell. It has been stated here that the Postmaster General has agreed or will agree to a modification of the contract with

the company. They themselves admit they are not entitled to any pay unless they can get a modification of the contract. They admit that by their own petition to the Postmaster General.

Mr. WALSH of Massachusetts. In other words, this provision is inserted in the bill in order to prevent the Postmaster General from making a contract with the Seatrain Co.?

Mr. TRAMMELL. It is to prevent him from modifying an existing contract.

Mr. WALSH of Massachusetts. With the Seatrain Co.?

Mr. TRAMMELL. Certainly, to modify the contract originally entered into for carrying the mail from New Orleans to Habana, Cuba. Now the company asks permission of the Shipping Board to let their ships sail from New Orleans via Habana to New York, admitting that they are engaged largely in the coastal business, and they ask the Shipping Board to permit that to be done.

Mr. WALSH of Massachusetts. What additional expense would be involved if such a mail contract were entered into as is contemplated and as the Postmaster General favors?

Mr. TRAMMELL. There would not be any additional expense involved; probably they would not get any more of a subsidy than they would for carrying the mail just to Cuba; but such a modification would be violative of the spirit of the law, violative of the policy of the Congress in the enactment of the merchant marine act and in providing that subsidies may be paid by the Postmaster General.

Mr. WALSH of Massachusetts. What effect would entering into this contract by the Postmaster General have upon the efficient transportation of the mail?

Mr. TRAMMELL. It would not add anything to the facilities by increasing the speed of the mail or otherwise, or be of any benefit whatever to the Government in the handling of the mail.

Mr. WALSH of Massachusetts. Would it tend to deteriorate or injure the expeditious transportation of the mail?

Mr. TRAMMELL. I think that it would be detrimental, in that it would subsidize ships on trade routes where there are now ample vessels, some of the best we have on the coast, and where ample service is afforded. It would not increase or enlarge the service.

Mr. WALSH of Massachusetts. Would this proviso, if adopted, lessen the amount of money the Government would have to pay out of the Federal Treasury for transporting this mail?

Mr. TRAMMELL. If this proviso were adopted, we would not have to pay anything; it would save the Government the amount now paid, unless the contract were modified or changed.

Mr. WALSH of Massachusetts. Under a new contract that might be entered into by the Postmaster General, would the amount be less?

Mr. TRAMMELL. I do not know whether it would be less than on the route from New Orleans to Habana or not. It probably would be somewhat less.

Mr. WALSH of Massachusetts. If the Senator will permit me to interrupt him further, I have not had an opportunity to hear the full discussion of this important amendment, and that is why I have made these inquiries. I infer from what the Senator says that so far as increasing or decreasing the appropriation of funds from the public Treasury there is no question involved, and that his objection is based entirely upon the fact that this proposed contract would be a violation of what he describes as the policy of the shipping laws of the country.

Mr. TRAMMELL. It would be violative of the policy of the shipping laws and of the post-office subsidy, and would not be in keeping with the intention of Congress; but, in effect, it would be in contravention of the intention of Congress. The purpose of Congress was to try to build up the American merchant marine.

Mr. WALSH of Massachusetts. The Senator says it would be a departure from our established policy dealing with sea-mail contracts? Is that true?

Mr. TRAMMELL. It would be absolutely a departure from it; and I myself do not feel that the Congress should go on record approving any such perversion of the law.

Mr. WALSH of Massachusetts. I confess that it is difficult for me to determine what loss or benefit is involved in the acceptance or rejection of this amendment.

Mr. TRAMMELL. So far as the purpose of the law is concerned, it is just contrary to the spirit of the law in the first instance. We are not now presenting the argument along the lines we did previously on the ground of fraud in the original contract. The whole contract, from its very inception, was carried on in the height of favoritism, the height of discrimination, and with no regard whatever for the question of building up the merchant marine or the United States mail service.

The record will disclose that upon that basis we opposed the contract from its inception. Now, however, we are opposing it upon the question of the old contract not being performed and the contractors asking for a modification. This question presents itself squarely to the Congress: Is the Congress going to agree to a modification under these circumstances? We think that to modify the contract in the way they wish it to be modified would be all wrong under the spirit of the law, so far as the merchant marine act is concerned.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to his colleague?

Mr. TRAMMELL. I yield.

Mr. FLETCHER. Mr. President, the Senator from Massachusetts seemed to ask a direct question about the effect on the Treasury. If the House provision should stand, the Treasury would not have to pay out \$120,400 a year to the Seatrain Co., whereas if the Senate amendment prevails and we disagree to the House amendment, then the Government will have to make that payment.

Mr. WALSH of Massachusetts. That is very important.

Mr. WHITE. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Maine?

Mr. TRAMMELL. I yield for a question.

Mr. WHITE. Is it not a fact that, if the contract between the Government and the Seatrain Co. is a subsisting, legal contract, the Government will have to pay whether this appropriation shall be provided or not? If we strike the appropriation out, and a contractual obligation—assuming that there is a legal contract—continues, then at some time the Government will have to meet its obligation.

The real question at issue here is whether the Congress is going to pass upon the legality of contracts entered into by competent authority, or whether it is going to leave that determination to the proper legal and accounting officers of the Government. That is the real issue here.

Mr. TRAMMELL. Mr. President, the Senator would surrender much more of the prerogatives and the duties of a Senator to some of the department heads than I would surrender. If I see that a department in the administration of a law, commendable and wholesome in its purpose, acting in such a way as to violate the purpose and object and the spirit of the law, I think it is the duty of Congress to correct them instead of encouraging them in that character of administration.

If we give too much latitude to, and permit too much laxity on the part of, those administering law, they go ahead, and we get results contrary to those that were contemplated and intended under the original law.

Here is an instance where I feel that it is proper for the Senate, as the House has done, to assert itself, and put those in authority on notice that the intention and the purpose of law means something, and that the enactment is not for their own manipulation just as they see fit to administer it in favoritism, in discrimination, and in total disregard for the interests of the American merchant marine in this instance and of the Postal Service of this country.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Florida permit me to ask the Senator from Maine a question?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Massachusetts?

Mr. TRAMMELL. I do.

Mr. WALSH of Massachusetts. I thank the Senator. May I inquire from the Senator from Maine whether the Postmaster General has made a contract such as is described in this proviso?

Mr. WHITE. Oh, yes.

Mr. WALSH of Massachusetts. And is it in force now?

Mr. WHITE. This contract No. 56 was entered into; and the very purpose of this amendment put into the bill by the House was to avoid the effect of that contract.

Mr. WALSH of Massachusetts. How can we avoid the effect of it after it has been entered into? I can understand that we would have power to take action here to prevent the renewal of a contract; but how can we, by legislative act, cancel a contract that the Government has entered into, without subjecting ourselves to damages?

Mr. WHITE. Mr. President, if the Senator will yield further, that is precisely the point. If this was a legal contract at the time it was entered into—and it has something like eight years more to run—we can not, by withholding in a particular year an appropriation designed to meet the payments called for by that contract, avoid the obligations under that contract; but, ultimately, we must meet them.

The real question at issue is whether this is or is not a legal contract, and the Senate is asked to pass upon that question—that is the real effect of what we are asked to do—and to take from the legal department of the Government and from the Comptroller General's office the authority which the law imposes upon them to pass upon the legality of contracts, and the appropriateness and propriety of payments under them.

Mr. WALSH of Massachusetts. I thank the Senator. In other words, what we are proposing to do here is to cancel a contract made and entered into by the Post Office Department and in force at the present time?

Mr. WHITE. To cancel a particular payment called for under that contract.

Mr. WALSH of Massachusetts. That is the same thing as canceling the contract.

Mr. WHITE. Yes.

Mr. TRAMMELL. Mr. President, I differ from that attitude. It is not a matter of canceling a contract. The Seatrain Co. have forfeited their rights under the contract. They have confessed that by going to the Postmaster General and asking for a modification. They have confessed that by going to the Shipping Board and asking for a modification. So it is not a matter of the Government canceling the contract; it is a matter of the Government, through Congress, saying: "We do not think it is advisable under the law that you permit this modification, even if you have a right to do it."

Certainly that is within the prerogative of Congress, and a legislative question, when we are called upon to make an appropriation to meet a certain condition. These people are not entitled to one dollar, according to their own petition—in substance, that is what it means—unless the Postmaster General attempts to modify the contract.

Senators talk about the sanctity of a contract on the part of the Government. I believe in keeping Government contracts; but those arguing in behalf of this company have not said one word about the agreement of the company with the Shipping Board which provided that they would not ask for their subsidy on the mail contract if the Shipping Board permitted them to modify their original route and run from New Orleans via Habana to New York.

Somebody has intimated that there was some coercion about that. No coercion whatever has been established. It is absurd and ridiculous to talk about coercion. These people were in a very desperate plight. They were in a situation where disaster was hanging over them. They either had

to have their ships idle, engaged in unprofitable trade, or else they had to get some modification through the Shipping Board that would permit them to operate on to New York and establish a business which, according to their own statement, is 80 per cent coastwise trade. So they go to the Shipping Board, asking them to modify the contract; and I will say that the Shipping Board are to be commended for their action. They say, "If you are going to divert your route, if you are going to change the situation completely, if you are going to enter into competition with all these ships that we have engaged in the coastal trade, many of which have to be tied up to the docks at the present time, we are not going to permit that change unless you will agree to let your subsidy go. You obtained that subsidy upon the basis of the idea that you would operate from New Orleans to Habana, a foreign port. You are carrying on a foreign mail service. You did not intimate to us that you wanted to operate 80 per cent in the coastal trade. Your presentation of this case to us was that you wanted to engage in foreign trade. Therefore, if you are going to change the whole situation, the whole character of your enterprise and your operations, you must not ask a continuation of this Government subsidy through the mail service."

I imagine at that time they were very willing to say, "Oh, we surrender that. We expect to surrender that, because if we do not get some change here we have no business whatever in which we can engage." It was absolutely unprofitable to run from New Orleans to Habana, so they readily surrendered their right to the mail subsidy. I do not think they were coerced at all. Yet there are some who want to go ahead and pay them for it when they surrendered it in their own agreement and under the resolution of the Shipping Board, because, forsooth, for some reason it appears possible now that they can get the Postmaster General to agree to this modification, although in December the First Assistant Postmaster General stated to the House that he did not think they were entitled to it.

I should like to have Senators say what they think of the statement of the Assistant Postmaster General, who has largely been in charge of this matter, when he stated to the House committee that he did not think the Seatrain Co. were entitled to the pay; he did not think they were entitled to a modification of the contract; he did not think the Postmaster General would agree to a modification. That was the position of the First Assistant Postmaster General before the House committee in December.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. TRAMMELL. I yield.

Mr. COPELAND. Assuming that the Senator is entirely right, and that that was the attitude of the Assistant Postmaster General, in spite of that, on January 11 the Postmaster General wrote to the Seatrain Co., as follows:

In view of the premises and considerations stated in your letter, it would, in my opinion, be in the interest of the Government to accept your proposal, and I hereby agree to the modification of the contract on ocean mail route No. 56 accordingly.

So, regardless of what the Assistant Postmaster General said in December, or whenever it was, on the 11th of this month the Postmaster General entered into an agreement to modify the contract.

Mr. TRAMMELL. Mr. President, my position is that those who come into courts of equity should come with clean hands. We hope there is some equity left in the Senate. If these people have obtained any such modification as that, then they went before the Shipping Board and by deception and by fraud, in substance, persuaded the Shipping Board to agree to a modification of their contract upon the specific promise that they would not ask for a continuation of the subsidy. I stand by the Shipping Board. They have two contracts. I stand by the contract which they made with the Shipping Board and not an act of favoritism and the height of discrimination by the Postmaster General, against the policy of the law.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. TRAMMELL. I do. I hope, however, that the Senator will not make a speech in my time. I shall be through in a few minutes, and then the Senator can take the floor. If he desires to ask a question, however, I yield to the Senator.

Mr. COPELAND. I do not want to make a speech, but I want the Senator to be accurate. I ask him if he knows that the Shipping Board, by a resolution, has authorized the Seatrain Lines to carry coastwise trade between the ports of New York and New Orleans by way of the new Seatrain vessels for a period of six months from October 6?

Mr. TRAMMELL. Why, certainly. They authorized it upon the representation to the Shipping Board and upon the agreement by the company that the company would surrender the mail subsidy and not ask for a continuation of it. They obtained that authorization upon a false representation or false pretenses then, if they are going to be permitted to draw pay for it now during that time. That is what the Shipping Board states. The letter was placed in the RECORD this morning by my colleague [Mr. FLETCHER].

I had not intended to make any reference to the early history of this Seatrain contract; but in view of the fact that some Senators seem so persistent now in their contention that we should not preserve the policy of the law, that we should not refuse to fall in line and march step and step with an administrative officer who is violating the spirit, if not the letter, of the law, I desire just briefly to say that this entire contract from its very inception was exceedingly suspicious, to say the least.

It has been said here before, but I may repeat it, that a certain company decided that they would obtain a subsidy and obtain some money from the Shipping Board. They went before the Shipping Board with a peculiar type of vessel and asked for loans, asked for a subsidy; and the advertisements for bids prescribed specifications that no one else could comply with within the time that was fixed. It was an absolute absurdity and a farce even to have advertised at all, and I am sure they would not have advertised had not the law required it, for three weeks. For three weeks they advertised under the law that they wanted bids on a ship that would carry 90 railroad cars, and certain other specifications. In this country there never had been a ship of that type before, or rather of that capacity. They probably got the idea from boats of that type that were operating between Key West, Fla., and Habana, Cuba, but the specifications in this case called for a ship of 90 railroad-car capacity and certain other specifications. Other people who were interested were unable to get any information whatever as to what was going on. Then they come out all at once, on a bright, sunshiny day, with specifications saying, "We invite bids on a ship that will carry 90 railroad cars," and certain other specifications.

They knew the whole stage had been set for the contract to be given to this company, for the subsidy, and for them to obtain a loan from the Shipping Board.

Mr. BROUSSARD. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. BROUSSARD. Is it not a fact that they extended the time one full year so as to give a chance to the Florida company to decide whether or not they would bid?

Mr. TRAMMELL. The Senator is wrong on the record entirely. There were delays, because this company was trying to keep other people out of the field by having them denied the right of entering New Orleans. They were trying to keep them out of the field by filing an application before the Interstate Commerce Commission for this company. Then there was considerable other delay, because the Navy Department and the Shipping Board did not work quite as freely in the transaction as did the Post Office Department from the beginning. The Navy Department first disapproved the contract, would not give the approval that was required under the law. Then of all the logrolling and

manipulation! Talk about force and coercion; they were used on the Navy Department to get an approval finally of a modified and changed character of vessel. Then they gave their approval reluctantly, half-hearted approval, as far as the vessel's availability or value as a naval ship was concerned, and as to being of any value in time of war was concerned.

Mr. BROUSSARD. Mr. President, will the Senator yield again?

Mr. TRAMMELL. Wait a moment. There were other delays, because the committee which had the jurisdiction of passing upon the proposition at the Shipping Board, and the Shipping Board itself, first disapproved of it. There was no approval of this transaction except in the Post Office Department to begin with. We never heard of such logrolling and manipulating, such star-chamber sessions, and such keeping of what was going on from other probable competitors. They did not want any other competitors. They wanted to drive everybody else out of the business, and give the contract to the company which finally got it.

Mr. BROUSSARD. Mr. President, will the Senator yield now?

Mr. TRAMMELL. I yield; yes

Mr. BROUSSARD. Is it not a fact that the Florida company applied to the Interstate Commerce Commission for the right to run their boats to New Orleans, that the Postmaster General extended the time for the bidding one full year, and that it was awarded to the Seatrain Co., not for old ships, but for new ships, to be constructed under the law which the senior Senator from Florida, as chairman of the Committee on Commerce, wrote into the United States statutes. Had not a whole year's delay been granted, when they were not proposing to build the ships which the Seatrain Co. built, two of them?

Mr. TRAMMELL. They did not delay on account of giving anybody an opportunity to bid. The attitude was the reverse, one of a closed door against other bidders and competitors. They delayed on account of this matter not being approved by authorities required to approve it, to begin with.

If they had wanted to give the competitors an opportunity, why did they not let the competitors know in time as to the specifications? One probable competitor, not for Government subsidy, but for the privilege of using the route, being willing to undertake it without a Government subsidy, in the nature of a mail subsidy, or in the nature of a loan from the Shipping Board, was trying to keep up with the situation, trying to ascertain what was going on, and they could not get information. The desire was that they should not have information as to what was going on.

Mr. BROUSSARD. Mr. President, is it not a fact that the mail subsidies are not granted to ships already built, but to ships that are to be built with the approval of the Shipping Board, the Navy Department, and the Post Office Department?

Mr. TRAMMELL. That is a fact, and it is also a fact that whenever the law has been so misadministered and so administered as to give a subsidy to ships that were unnecessary, ships that were unnecessary to assist in the building of the American merchant marine, there has been a flagrant violation of the law, the spirit of the law at least.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. McKELLAR. I wish to call attention to the fact that no competitor had a chance to bid on these ships.

Mr. TRAMMELL. That is what I said, that no competitor even had notice long enough in advance to enable it to bid.

Mr. McKELLAR. I have before me the advertisement, and it did not permit the contractor to bid unless the contractor proposed to build, and would build, a ship of capacity sufficient to carry 90 cars. The mail amounted to about 1,500 pounds. Two other companies subsidized by our Government are already carrying mails between New Orleans and Habana, and this was a third subsidized company. The

Postmaster General required in his advertisement that the contractor must build a ship capable of carrying not less than 90 cars, and the Seatrain Co. was the only company on the seas that had such a ship or that proposed to build such a ship. Necessarily, the law was violated in doing away with competition, and so, in my judgment, the contract is certainly fraudulent in law, and even worse might be said of it.

Mr. TRAMMELL. It was a flagrant violation of the spirit and purpose of the law, if not a violation of its letter, in my opinion.

Mr. BROUSSARD. Mr. President—

Mr. TRAMMELL. Does the Senator want to ask a question?

Mr. BROUSSARD. I want to ask the Senator from Tennessee a question.

Mr. TRAMMELL. Very well; but I want to get through.

Mr. BROUSSARD. How does the Senator from Tennessee expect to apply the law and build up a merchant marine unless new ships are built? Would the Senator think that the law was intended to give mail contracts and subsidies to ships that already belong under the American flag, or to new ships to be built for service under the American flag?

Mr. McKELLAR. Of course, the Post Office Department has made no rule about that. They give subsidies to ships already built, or subsidies to ships which may be built, if the contractor is "right," if he "stands in."

Mr. BROUSSARD. To ships the Shipping Board sold, yes; but not to other ships of private lines.

Mr. McKELLAR. While I am on my feet, let me call the attention of the Senator from Florida to the fact that the first requisite of the act of 1928, under which this contract was let, was that there should be competition, and competition was absolutely excluded by the advertisement. And let me call attention to the fact that at that time the Seatrain Co. was a British company, with a ship of the kind specified carrying the British flag, when the first application was made, and then an effort was made to favor the particular manager of this company, who in some marvelous way seems to have the whole country at his back. I am referring to Mr. Brush, the president of the old British company, the president of the new American company. He seems to have all the powers-that-be at his back, and can get any kind of a contract, or get any contract changed whenever he desires to do so. He obtained this contract under terms that certainly make it fraudulent in law.

Mr. TRAMMELL. And under terms the average person, without a lot of influence behind him, could not have obtained.

Mr. McKELLAR. No one in the United States could have obtained them except this man, because they did not allow anybody else to bid on the contract.

Mr. TRAMMELL. I do not blame him, but I blame the officials representing the United States Government whose duty it was to see to the carrying out of the spirit of the law, and to the conservation of the rights of the American people, and of other people engaged in this industry. They are entitled to some consideration.

I did not really care to refer to all this first chapter in connection with this transaction, which, to me, seems to have been very one-sided, and a transaction in which sight of the interests of the Government seems to have been entirely lost, and to have been given no consideration whatever.

The matter concerns Congress. The House has said we must not pay any money on account of a modification of this contract. The argument in regard to the contract being legal, when we had the question up a year ago, might have had a little semblance of force and merit in it, dealing with the original contract, but now we have a different situation, we have a situation of the company not having complied with its original contract, and coming and asking the Government for a modification of its contract, a modification which would in every respect violate the spirit and the purpose of the American merchant marine act, and be vio-

lative of the authority for the granting of a subsidy through the Post Office Department.

As far as I am concerned, I think Congress, in both branches, should act as the House did, and approve the proviso that would prohibit the Comptroller General approving of the item of \$140,000 for this purpose.

Mr. BROUSSARD. Mr. President, we had the same proposition to deal with the last time a similar appropriation bill was before us. The amendment then was known as the Davis amendment. I suppose Representative Davis inserted it again in the House.

The amendment is to be found on page 57, line 4, and would strike out the words, "That no part of the money herein appropriated shall be paid on contract No. 56 to the Seatrain Co."

I heard the remarks of the senior Senator from Florida [Mr. FLETCHER], who was the chairman of the Committee on Commerce, I think, at the time when we tried to restore and revive and to give this Nation a merchant marine. Of course, many of us on this side do not like the word "subsidy," but everybody knows that that law was intended to subsidize lines to other nations in the world, and to encompass the entire earth. My friend the senior Senator from Tennessee [Mr. McKELLAR] has been fighting this proposition because he realizes that it is a subsidy, and is very much opposed to it.

Mr. President, so far as the Senators from Florida are concerned, if the company operating the boat from Key West to Habana had gotten this contract, they would be standing here defending the contract. But they did not get it, and they did not get it for several reasons. First, the law provides that one can not get a mail subsidy by offering an old boat which is already built and under the American flag. But the Seatrain Co. offered to build two boats, with a capacity of 90 loaded freight cars, to run from New Orleans to Habana. Their plans were all drawn up, and after being submitted to the Navy Department, it appeared that that department wanted airplane carriers which could be used in case of emergency. They even provided that the pilot house should be put on the left side of the ship, and rearranged the whole structure of the ship.

The Seatrain Co. put in a bid for two ships that would carry 90 loaded freight cars. The Florida company was not excluded. As I recall the hearing—and I attended the hearings for three or four weeks last year, when a provision similar to the one under discussion was before the committee—they applied to the Interstate Commerce Commission to be given the right to go into the city of New Orleans, and to sail from New Orleans to Habana. For some reason this application was not acted upon promptly. I do not know what insinuations the Senators from Florida have to make about it. I never heard of it until the hearings after the contract had been duly executed between the Post Office Department and the Seatrain Co.

Before the contract was awarded, the Postmaster General extended the time for one year, in order to give a chance to any competing company to decide whether or not it was willing to undertake the construction of two boats that would carry 90 loaded freight cars from New Orleans to Habana and back. There was no response. When the contract was executed the Florida company had not yet obtained from the Interstate Commerce Commission, and I doubt if they have it now, a license to enter the port of New Orleans. The contract was executed. No one challenges the contract.

The amendment is intended to strike out the language providing that no part of this money shall be paid on contract No. 56. That is an admission that there is a contract. I do not care what anybody thinks about the contract. We are not sitting here to set aside contracts. We are here to pay whatever amount is stipulated in the contract, and it is up to the courts to set aside any duly executed contract entered into by the Government of the United States.

Mr. President, the two boats have been completed. They were constructed with the money borrowed largely from the Shipping Board and which is due the Shipping Board and,

indirectly, the Treasury of the United States. Now that the boats are built, we find Senators who would deny the annual payment under the contract instead of offering a resolution to direct the Attorney General of the United States to move to declare the contracts illegal and void.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. BROUSSARD. I yield.

Mr. McKELLAR. Will the Senator agree to vote for such a resolution, leaving it to the courts to determine?

Mr. BROUSSARD. I think the contract is valid. I have sat in the committee with the Senator from Tennessee for several years and he thinks that all of the contracts are invalid.

Mr. McKELLAR. Oh, no. I think all of them except five are invalid. I think the courts ought to pass on them. If the Senator is willing for the courts to pass on them, I shall be very glad to vote for a resolution providing that that be done.

Mr. BROUSSARD. How many contracts does the Senator challenge?

Mr. McKELLAR. Thirty-nine.

Mr. BROUSSARD. Did the Senator vote for the bill which permitted the payment of these subsidies?

Mr. McKELLAR. I did not.

Mr. BROUSSARD. The Congress passed the bill, however,

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. BROUSSARD. I yield.

Mr. COPELAND. I was quite surprised to have brought up again in the Senate the original contract of the Seatrain Co. We have argued that here year after year and the Senate has always taken the view that it is all right. But now comes the further argument that this is an invasion of the intercoastal rights of our country.

Mr. BROUSSARD. It is no invasion at all. For the Senator's information I ask to have inserted in the RECORD at this point a communication from the Seatrain Co. to the Postmaster General and his acceptance of a modification which would deprive him of any right to claim anything under that contract because of the sailing from Habana to New York. That, I think, will dispose of the suggestion made by the Senator from New York.

The PRESIDING OFFICER. Without objection, it is so ordered.

The communication is as follows:

JANUARY 9, 1933.

THE POSTMASTER GENERAL,
Washington, D. C.

SIR: The contract for ocean mail service on route No. 56, made the 31st day of October, 1931, by the United States of America, represented by the Postmaster General and Seatrain Lines (Inc.), provides, *inter alia*, that the latter undertakes, covenants, and agrees with the United States of America, pursuant to the provisions of the merchant marine act, 1928, and the advertisement of the Postmaster General, as follows:

"1. (a) To carry all mails of the United States offered, whatever may be the size or weight thereof, or the increase therein during the term of this contract, in a safe and secure manner, free from wet or other injury, from New Orleans, La., to Habana, Cuba, on a schedule approved by the Postmaster General, that shall include not less than 50 trips per annum during the first two years and not more than 100 trips per annum during the remainder of the contract term (subject to other provisions of this contract for increase or decrease in frequency);

"(g) To provide and operate in the performance of this contract, cargo vessels of class 5, capable of carrying not less than 90 railroad cars and of maintaining a speed of 13 knots at sea in ordinary weather, and of a gross registered tonnage of not less than 6,500 tons;

"(h) To have constructed in American shipyards two (2) new cargo vessels of class 5, capable of carrying not less than ninety (90) railroad cars and of maintaining a speed of fourteen (14) knots at sea in ordinary weather, and of a gross registered tonnage of not less than six thousand five hundred (6,500) tons, and place them in service in lieu of or in addition to vessels specified in paragraph (g) hereof, as soon as practicable, but not later than the end of the second year of the term of this contract.

"6. (a) That the term of this contract shall be ten (10) years, beginning at a date optional with the contractor, but not earlier than January 1, 1932, or later than October 31, 1932."

Seatrains Lines (Inc.) has constructed in an American shipyard in compliance with the terms of said contract two new cargo vessels which have met the requirements referred to in paragraph 1 (h) above. One of said vessels was placed in service from New Orleans to Habana on the 13th day of October, 1932, and the second vessel on the 20th day of October, 1932. Since said dates said vessels have made regular sailings weekly from New Orleans to Habana, and have been and now are ready, able, and willing to perform all of the services required of Seatrain Lines (Inc.) by said mail contract.

Said vessels were constructed with the aid of construction loans under and pursuant to agreements the 3d day of December, 1931, between Seatrain Lines (Inc.) and the United States of America, represented by the United States Shipping Board. Said agreements contained, inter alia, the following provision:

"Sec. 38. The vessel will be operated in maintaining service on lines between New Orleans, La., and Habana, Cuba, and in other exclusive foreign service between Atlantic and/or Gulf ports and Cuba, or in such other service or services as the board may by resolution hereafter authorize, and not otherwise."

The United States Shipping Board, by a resolution adopted October 6, 1932, and subsequently amended by a resolution adopted December 21, 1932, has authorized Seatrain Lines (Inc.) to carry coastwise trade between the ports of New York and New Orleans via Habana in the new Seatrain vessels for a period of six months from October 6.

Said vessels, ever since the adoption of said resolution on October 6, have been and now are engaged in foreign trade between New Orleans and Habana and New York, and vice versa, and at the same time in coastwise trade between New Orleans and New York via Habana, and vice versa. While thus simultaneously carrying foreign trade from New Orleans to Habana and coastwise trade from New Orleans via Habana to New York, said vessels have performed the full mail contract service between New Orleans and Habana and have transported all cargo offered in foreign trade between said ports, all in compliance with said mail-contract and construction-loan agreements.

Inasmuch as the total mail compensation payable under said mail contract will through the performance by said vessels of not less than 50 voyages per annum during the first two years and 100 voyages per annum during the remaining eight years of said contract, being the schedule approved by the Postmaster General pursuant to section 1 (a) of said mail contract, amount to a sum which will be somewhat less than the excess cost of building said vessels in the United States and operating them under the American flag over what would have been the costs of their construction in foreign shipyards and of their operation under foreign flags; and as the mail compensation payable under and pursuant to the provisions of the merchant marine act, 1928, is designed to meet the amount of such differentials in cost so as to place the owner of an American vessel engaged in a foreign trade substantially on a parity with the owner of a similar foreign vessel in such trade as respects capital cost and cost of operation; and as Seatrain Lines (Inc.) is and will be benefited by reason of the authorization of the United States Shipping Board to carry coastwise trade between New Orleans and New York via Habana while fully performing said mail contract and maintaining its full foreign service under and pursuant to said construction-loan agreements; Seatrain Lines (Inc.) does not conceive it to be fair to the United States in the circumstances stated that it, Seatrain Lines (Inc.), should accept and retain the full mail compensation payable under said contract while it is simultaneously carrying foreign and coastwise trade in said vessels on said mail route between New Orleans and Habana.

Now, therefore, in consideration of the premises, Seatrain Lines (Inc.) hereby offers and undertakes, so long as it shall by reason of an authorization of the United States Shipping Board carry coastwise trade between New Orleans and New York via Habana, while performing said mail contract on route No. 56 to relinquish to the United States and to waive all claims to such proportion of the full mail compensation which would be payable under and in accordance with the terms and conditions of said mail contract as the revenue earned on the outward voyages on said route No. 56 by Seatrain Lines (Inc.) with the vessels performing said mail contract from coastwise trade from New Orleans to Habana bears to the total revenue earned as aforesaid on both foreign and coastwise trade from New Orleans to Habana, the revenue from coastwise trade from New Orleans to Habana being taken as such part of the revenue on coastwise trade from New Orleans to New York as the distance from New Orleans to Habana bears to the total distance from New Orleans via Habana to New York.

SEATRIN LINES (INC.),
By GRAHAM M. BRUSH, President.

Witness:

G. S. AMORY.

Attest:

DONALD D. GRAVES,
Assistant Secretary.

JANUARY 11, 1933.

SEATRIN LINES (INC.),
39 Broadway, New York, N. Y.

GENTLEMEN: Receipt is acknowledged of your letter of January 9, 1933, in which you state that, in consideration of the permission granted you by the Shipping Board in its resolutions of October 6

and December 21, 1932, to engage temporarily in coastwise trade between New Orleans and New York by way of Habana, you desire to request a modification of your contract on ocean mail route No. 56, between New Orleans and Habana, so that you shall be paid thereunder, during the period of said coastwise operation between the above-named points, only such proportion of the pay named in the contract as the revenue earned on outward voyages over the mail route from foreign traffic bears to the total revenue earned on such voyages, the revenue from other trade from New Orleans to Habana being taken as such proportion of the revenue on coastwise trade from New Orleans to New York as the distance from New Orleans to Habana bears to the total distance from New Orleans via Habana to New York.

In view of the premises and considerations stated in your letter, it would, in my opinion, be in the interest of the Government to accept your proposal, and I hereby agree to the modification of the contract on ocean mail route No. 56 accordingly.

Very truly yours,

WALTER F. BROWN.

Mr. BROUSSARD. The Senator from Tennessee, as he has just admitted, believes there are only five valid contracts. Of course, he lives away up at Memphis. If he lived on the coast we would have more, I suppose. Some are satisfied that the other 39 contracts are invalid. Therefore, without committing myself, I have subscribed to the subsidy. The Senator from Tennessee has not. The Senators from Florida have done so, and have voted for the bill. I would not promise the Senator from Tennessee to vote for a resolution to refer the matter of the contracts to the Attorney General. I think a resolution should be introduced to have them investigated, if that is his desire. But the contracts are valid. These people have spent more than \$2,000,000 each on the two ships, and they are there for use of the Navy whenever emergency requires.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. BROUSSARD. Certainly.

Mr. McKELLAR. Can the Senator tell us whether or not they are in arrears in their payments to the Government on account of this contract?

Mr. BROUSSARD. I do not know. I am sure the Senator knows.

Mr. McKELLAR. I am told that the payments on practically all of the vessels for which money was borrowed at such remarkable rates of interest—one-fourth of 1 per cent, three-eighths of 1 per cent, one-half of 1 per cent, and other per cents which the favored companies were required to pay—are all in arrears, even with that small rate of interest. It seems to me they are in no position to come here and ask for favors.

Mr. BROUSSARD. I am not surprised that they are in arrears with the attacks made upon their contracts by men on the floor of the United States Senate who are desirous that we delegate the power to the Shipping Board and the Postmaster General to do these things. If we abrogate the law, I do not find it strange that they can not meet even the one-eighth of 1 per cent interest. That is my complaint about those who are seeking all the time to abrogate the contracts. Why not abrogate the law?

Mr. McKELLAR. If the Senator will vote for it—

Mr. BROUSSARD. No; I will not vote for it. Why does not the Senator abrogate the law?

Mr. McKELLAR. Because a majority of the Senate will not do it. That is one reason.

Mr. BROUSSARD. That is the way the Senator attacks their integrity and their credit by his annual assault upon these appropriations. That is not anything singular. The Senator will remember that I made an assault against the Philippine independence bill, when this body would not vote for it, by asking that a tax be applied. I did not want a tax, but I thought I would bring about some result. I did that in 1929.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. BROUSSARD. I yield.

Mr. COPELAND. I do not like to let pass unchallenged the statement the Senator from Tennessee made about the standing of these various shipping lines with the Govern-

ment. The Shipping Board advises me that on December 31, 1932, the total cost of new ships built or reconditioned, receiving aid of construction loans, had reached the total of \$210,000,000. That is, these private lines have expended with the aid of the Government \$210,000,000. The total of loans outstanding at this time amounts to \$123,000,000. In other words, the shipowners themselves have already paid in cash upon the cost of these ships more than 41 per cent. If they are given encouragement a little while longer, it will not be long before their equity is even greater than ours.

To my mind it would be a great mistake to let the country get the impression that we are giving this money to the shipowners. As a matter of fact, they have of their own money, as I have indicated, about \$80,000,000 which they have invested, and from time to time they are making their payments. In addition, we have chosen to encourage the shipowners by reason of the fact that it costs more to build in our shipyards than it does abroad.

Mr. BROUSSARD. Yes; 50 per cent more.

Mr. COPELAND. It costs more to operate under our shipping laws than under foreign laws. We have chosen to assist our American merchant marine by these mail subventions. Here is one which was entered into in good faith. It has been modified in good faith. The Comptroller General refused to pass upon it and to make the payment a few months ago, but after adjustments and readjustments had been made and provision was made for a material saving in the annual outlay of the Government, the Postmaster General then entered into a new contract, a legal contract. I agree fully with the Senator from Louisiana that the Senate should not consider the thought of abrogating a solemn contract of the Government. It is unthinkable, as I see it.

Mr. BROUSSARD. I recall, and the Senator from New York will recall, that when we sat in the hearings there appeared the president of a shipping company which was asked to run a line of steamships to West Africa. The Senator from Tennessee asked how much mail he carried. He said, "I do not carry a hatful down to the African ports that I visit." The Senator from Tennessee thought that was a fine illustration of the basis for his opposition to mail contracts. That steamship line would not have been established, nor would the Shipping Board have been able to sell these ships unless it gave a subvention to carry mail. The Senator from Tennessee asked if he had not had one of these canceled and he said, "Yes. I forgot to write myself a letter, and there was no letter at that port, and therefore the Post Office Department canceled that port."

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BROUSSARD. I yield.

Mr. McKELLAR. I understand the one about which the Senator speaks, who bought the Government ships and are carrying Government mail with this subsidy, have not even paid a single solitary installment on their ship. They got it on 20 yearly installments. They bought the ship for about one-tenth of what it cost and paid one-twentieth of the price, and since that time have not paid anything, but are getting the Government subsidy every month for the benefit of their stockholders.

Mr. BROUSSARD. Would we have such a line if we had not given them such a subsidy?

Mr. McKELLAR. I do not think it helps our foreign trade in the slightest. Indeed, it has been suggested on the floor of the Senate that the only purpose and the only reason why the line is running is to draw the subsidy. They do not have enough business to justify the operation of the line, and the only purpose in running it is to draw the Government subsidy.

Mr. BROUSSARD. How were we fixed during the World War?

Mr. McKELLAR. That is 14 years ago and we need not bother about that now. We have not one-third of the shipping we had when this act went into effect. Our merchant marine is going down annually since we have adopted the plan of granting these subsidies.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. BROUSSARD. Certainly.

Mr. COPELAND. I want to invite the attention of the Senator from Tennessee to this fact. This is said in response to what he said about the West African Line. Is that the line?

Mr. McKELLAR. I believe that is the name of it.

Mr. COPELAND. I think that was the American-West African Line.

Mr. McKELLAR. It is the Herbermann Line, a prime favorite of the Shipping Board, its special pet, its special subsidy obtainer at large.

Mr. COPELAND. That is the American Export Line, I think.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. BROUSSARD. I think I hold the floor.

Mr. McKELLAR. I beg the Senator's pardon.

Mr. COPELAND. Mr. President—

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield, and, if so, to whom?

Mr. BROUSSARD. I yield first to the Senator from New York.

Mr. COPELAND. Mr. President, I wish to call the attention of the Senator from Tennessee to the fact that after the war when we found ourselves in possession of an enormous amount of shipping, we established various lines and operated them, and we did so with an operating deficit of from \$40,000,000 to \$50,000,000 a year. The Senator remembers the enormous appropriations we made. We determined under the Jones-White Act to get rid of these ships as fast as possible, to get them into private hands and let private citizens lose all this money; and now, instead of losing \$40,000,000 or \$50,000,000 a year, through mail subventions, in payment for services as well as to help the lines, we pay about \$18,000,000 a year.

Mr. McKELLAR. Mr. President, we pay in subsidies to ocean-going vessels \$28,500,000 a year. That is just what we pay to them. I have forgotten the exact number of millions we pay for the Shipping Board; but, as a matter of fact, we are paying out just as much in subsidies and in appropriations for the Shipping Board as we did in "the good old days" when we were losing \$50,000,000 a year, and we are not getting anything like the service.

Mr. BROUSSARD. Of course, the service is not worth anything at all.

Mr. McKELLAR. I say we are not getting the service because we have not now as large a merchant marine in private hands by one-third as we had at that time.

Mr. COPELAND. If the Senator from Louisiana will permit me further, I know that my friend from Tennessee wants to be entirely accurate.

Mr. McKELLAR. I do; and if the Senator can give me facts showing that I have, in the slightest degree even, enlarged upon the figures, I shall be glad to take my statement back.

Mr. COPELAND. I have not imagination enough on my part to follow the Senator when he says that we are now paying in subsidies as much as we paid "in the good old days," as the Senator puts it, when we were operating the lines.

Mr. McKELLAR. We are paying \$28,500,000.

Mr. COPELAND. I challenge those figures.

Mr. McKELLAR. If the Senator challenges them, then I can not read, because that is what is appropriated in this bill.

Mr. COPELAND. We are now paying for mail aid \$18,000,000 a year to 44 lines, whereas we were operating 38 lines "in the good old days," at a deficit of from \$40,000,000 to \$50,000,000 a year.

Mr. McKELLAR. Mr. President, if the Senator from Louisiana will yield for a moment longer to allow me to

answer the Senator from New York, let me say that of course I may not be able to read, I sometimes wonder whether I am or not; but I am going to attempt to read from this bill the item at the bottom of page 56, as follows:

For transportation of foreign mails by steamship, aircraft, or otherwise, including the cost of advertising in connection with the award of contracts authorized by the merchant marine act of 1928 (U. S. C., title 46, secs. 861-889; Supp. V, title 46, secs. 886-891x), \$35,500,000: *Provided*, That not to exceed \$7,000,000 of this sum may be expended for carrying foreign mail by aircraft under contracts which will not create obligations for the fiscal year 1935 in excess of \$7,000,000.

Seven from fifteen leaves eight, as I remember my arithmetic. So, \$7,000,000 deducted from \$35,500,000 leaves \$28,500,000 appropriated for the shipping companies by this bill. The Senator may explain that if he can.

Mr. COPELAND. If the Senator from Louisiana will permit me, let me ask, Do we pay any money to any foreign ships to carry our mail?

Mr. McKELLAR. The Senator has asked a very pertinent question, and I shall be delighted to answer it. A number of these ships, notably those of the International Mercantile Marine, are owned, in large part, or controlled in large part, by foreigners, and that particular company, drawing, as I remember, something like \$1,200,000 a year from our Government, is under contract with the British Government to turn its ships over to Great Britain in the event Great Britain should become involved in war, and that includes war with the United States. Yet this Government is furnishing the subsidy indicated to that very company.

Mr. WHITE. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Maine?

Mr. BROUSSARD. I yield.

Mr. WHITE. Mr. President, it is rather difficult to know where to begin correcting the Senator from Tennessee in his statement of facts. He referred to the American-West African line. That is not the Herbermann Line. The Herbermann Line is the American Export Line, running to the Mediterranean area. The truth about the American-West African Line is that it—

Mr. McKELLAR. Does not Africa border on the Mediterranean? If it does not, I have lost all remembrance of my geography.

Mr. WHITE. Yes; it does; but that is not this line. The American-West African Line runs down toward the Cape of Good Hope. That line purchased ships of the Shipping Board and paid, or obligated itself to pay, \$2,300,000 for those ships.

Mr. McKELLAR. What did they cost?

Mr. WHITE. I do not know what they cost. The line obligated itself under its contract to build new ships or to recondition old ships at an estimated expense of about \$4,800,000, and that is a subsisting obligation.

Speaking of West Africa and of our trade there, back in those "good old days" there was not a single American ship going from the coast of the United States to Africa. Since 1927 there have been approximately 20 American ships operating in the service of that trade, and the trade of the United States, export and import, has increased approximately 325 per cent in that span of time.

If I am not trespassing unduly on the Senator from Louisiana, let me advert to what has been said about the expense of the merchant-marine legislation in comparison with the expenditures "in the good old days." I can illustrate the difference by citing figures as to the money that has been spent in various ways. In 1931 we paid, under our postal contracts, \$18,818,000. The mail, if carried on a poundage rate under the provisions of the old law, would have cost something like \$2,710,000. I am speaking from recollection, and there may be some inaccuracy, but what I am saying is substantially correct. In other words, in one year, 1931, the cost under our postal contracts was \$16,108,000.

Go back to the period from 1921 to 1926—and 1926 was the last full year before serious consideration was begun of the merchant-marine legislation—and it will be found that the operating losses of the Fleet Corporation and the administrative expenses of the Shipping Board averaged \$40,400,000 a year. In the year 1931, to which I have alluded, those operating losses and those administrative expenses had been cut to \$6,900,000, a saving of approximately \$33,500,000; and that is a saving of more than twice what the merchant-marine legislation cost us in the year 1931.

I could go on illustrating the point in various other ways if I were not trespassing on the time of the Senator from Louisiana.

Mr. BROUSSARD. Mr. President, I do not care to retain the floor longer. This matter has been threshed out on the floor. We had, as I recall, over three weeks of hearings in the Appropriations Committee last year and came to the conclusion that we should reinstate the item stricken out by the House that is known as the Davis amendment. I hope the Senate will now refuse to join the House; that it will stand with the committee upon this proposition and eliminate the provision inserted by the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

CHAIN STORES—REPORT OF FEDERAL TRADE COMMISSION

Mr. CAPPER. Mr. President, I hold in my hand the announcement made recently by the Federal Trade Commission of the transmittal of the ninth in the series of its reports under Senate Resolution 224.

The facts disclosed in this latest report in the chain-store inquiry are indicated by the captions of the commission's official announcements, which read:

Trade Commission studies short weights and overweights in chain stores. Latest report shows one-half of items bought in stores of four selected cities as lacking in weight.

This report provides conclusive proof of the methods by which the great chain organizations rob the unsuspecting public to recoup their price lure losses on popular, well-known articles.

The Senator from New York [Mr. COPELAND], the Senator from Iowa [Mr. BROOKHART], and I have called attention to evidence of the practice of those corporations in mulcting the consumer by extortionate prices on what they call "blind" or unidentifiable bulk goods. This report shows that they not only "long price" the buyer but also that they "short weight" him. This is the evil which we are seeking to eliminate by Senate bill 97, which is known as the fair trade bill and which I earnestly ask every Senator to consider in connection with this report from the commission.

I send to the desk and ask to have printed in the RECORD the commission's announcement and letter of transmittal to the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

FEDERAL TRADE COMMISSION,
Washington.

TRADE COMMISSION STUDIES SHORT WEIGHTS AND OVERWEIGHTS IN CHAIN STORES—LATEST REPORT SHOWS ONE-HALF OF ITEMS BOUGHT IN STORES OF FOUR SELECTED CITIES AS LACKING IN WEIGHT

(This is a summary of the ninth of a series of reports on chain-store practices. The complete report is to be printed.)

The Federal Trade Commission sends to the Senate to-day its latest report on chain-store practices showing, among other things, that out of all purchases of a selected list of commodities made especially for this investigation in chain stores in four widely separated cities, about one-half or 50.3 per cent of the items were short in weight.

The report is entitled "Short Weighing and Overweighing in Chain and Independent Grocery Stores."

On all purchases made for the commission from independent and cooperative chain-store retailers in the four cities, the short-weight items amounted to slightly less than half, or 47.8 per cent.

Overweights were obtained on only 34.1 per cent of the total purchases from chain stores as compared with 43.8 per cent of

the purchases from independent and cooperative chains combined.

Total net shortage (difference between total quantities short weight and overweight) on all items purchased from chain stores was slightly more than three-tenths of 1 per cent of the total quantity bought, as compared with a net overage for independents of .143 of 1 per cent. The overages and shortages from cooperatives exactly balanced. Combining the cooperative and independent dealer purchases the result is a net overage of .096 of 1 per cent.

While the size of the shortage for chains may seem insignificant to many, it would amount to 3.41 per cent on the investment in these bulk commodities, figured on the basis of the average stock turn of grocery and meat chains of 10.61 times per annum.

GOODS WEIGHED IN ADVANCE ARE OFTEN SHORT IN WEIGHT

The buyer of merchandise which is weighed and packaged in advance of sale stands about two chances out of three that he will get short weights from either the independent dealer or the cooperative chain and only a slightly better chance in the chain store.

A total of 795 items, or 12 per cent of the total purchases made for this report in the four cities, were preweighed and almost two-thirds of these were obtained from chain stores.

"As has been often alleged, short weights occurred more frequently on these preweighed items than on items weighed at the time of sale."

For the chains, the proportion of preweighed items which were short in weight was 59 per cent as compared with 50.3 per cent on both preweighed and other items.

For independents and cooperatives combined the difference was much more striking. The proportion of shortages on preweighed items was 65 per cent as against only 47.8 per cent on the total items purchased from those dealers.

The commission's report is based on the weights given on five bulk commodities bought in chain and independent stores and was undertaken to answer a charge frequently made that chain grocery stores obtain an advantage over independent stores through shortweighing of bulk commodities.

The commodities purchased were navy beans, dried prunes, lima beans, light-weight sweetened crackers, and sugar, the quantities varying from one-half pound to 4 pounds. They were obtained in a total of 1,691 stores situated in 4 cities, each having more than 100,000 population—1 situated in New England, 1 in the Middle Atlantic States, 1 in the South, and 1 in the Middle West.

Full text of the commission's letter of submittal of the report to the Senate is as follows:

LETTER OF SUBMITTAL

FEDERAL TRADE COMMISSION,
Washington, D. C., December 15, 1932.

TO THE SENATE OF THE UNITED STATES:

Under Senate Resolution 224, Seventieth Congress, first session, the commission was directed to make an inquiry into the chain-store system of marketing and distribution, including, among other things, "the advantages or disadvantages of chain-store distribution in comparison with those of other types of distribution." This report on short weighing and overweighing in chain and independent grocery stores deals with the subject of weights given on five bulk commodities purchased in chain and independent stores, and was undertaken to answer a charge frequently made that chain grocery stores obtain an advantage over independent stores through short weighing of bulk commodities.

It is often stated that in weighing out bulk commodities exact net weight can not be achieved in a large percentage of cases but that over a long period the shortages and overages will balance each other. Both shortages and overages are likely to occur when clerks weigh out bulk merchandise hurriedly while other customers are waiting to be served, or when the weight of a unit of the article sold is comparatively large.

SCOPE OF INVESTIGATION

To determine the extent to which the chain stores short weight commodities sold in bulk and also to determine whether this practice occurs more often in chain than in independent stores, five bulk articles were purchased for weighing from both kinds of stores without disclosing by whom and for what purpose such purchases were being made. The commodities purchased were navy beans, dried prunes, Lima beans, light-weight sweetened crackers, and sugar. The quantities of the commodities bought varied from one-half pound to 4 pounds.

The purchases were made in four cities, each having a population of over 100,000. To make the study representative the cities selected were located in different sections of the country; one in New England, one in the Middle Atlantic States, one in the South, and one in the Middle West. In each of these cities there were one or more of the six largest chain-store systems and also one or more local chains, as well as one or more cooperative chains with their membership of independent grocers. Practically all stores in the four cities were shopped, hence all types of stores in all types of neighborhoods are represented. In the four cities a total of 1,691 stores was shopped for the five bulk commodities.

Of the total number of stores shopped, 702, or 41.5 per cent, belonged to 11 different grocery or grocery and meat chains; 320, or 18.9 per cent, were independent stores affiliated with 11 cooperative chains; and 669, or 39.6 per cent, were independent stores

without cooperative affiliations. As certain of the 11 chains operated stores in more than one of the four cities, the city comparisons are for 14 groups of chain stores.

PROPORTION OF SHORT, OVER, AND EXACT WEIGHT PURCHASES

On all purchases from chains in the four cities 50.3 per cent of the items were short in weight. On all purchases from independent and cooperative retailers 47.8 per cent were short weight. Overweights were obtained on only 34.1 per cent of the total purchases from chain stores as compared with 43.8 per cent of the purchases from independents and cooperative chains combined. Exact weights, however, were given on 15.6 per cent of the items purchased from chains but on only 8.4 per cent of those bought from cooperatives and independents combined.

AMOUNTS OF TOTAL SHORT OR OVERWEIGHT

The short weights (not including overweights) on total purchases from chains (0.987 of 1 per cent) were substantially below those of independents and cooperative chains combined (1.265 per cent).

However, the total net shortage (the difference between total quantities short weight and overweight) on all items purchased from chain stores was slightly over three-tenths of 1 per cent (0.321 of 1 per cent) of the total quantity bought, as compared with a net average for independents of 0.143 of 1 per cent. The overages and shortages from cooperatives exactly balanced. Combining the cooperative and independent dealer purchases the result is a net overage of 0.096 of 1 per cent.

While the size of the shortage for chains may seem insignificant to many, it would amount to 3.41 per cent on the investment in these bulk commodities, figured on the basis of the average stock turn of grocery and meat chains of 10.61 times per annum.

The turnover of certain other bulk commodities such as fresh meats and produce is probably much higher than the average, and these commodities constitute a substantial proportion of the total business of most chains selling groceries. A shortage of weight of the size found in this test, if it were applicable to all bulk commodities weighed by the chains, would obviously result in an increase in the rate of return on the investment in such commodities, and probably, because of their large volume, on total investment as well.

VARIATIONS IN CHAIN AND INDEPENDENT WEIGHTS BY CITIES

It should not be inferred that all chain stores gave short net weights or that all independent stores gave net overweights. In city No. 1 the chains gave short weights less frequently than either the cooperatives or independents. In the other three cities the former were more frequently short than the latter. In no one of the four cities did the chains give overages more frequently than shortages, although the cooperatives did so in one city, the independents in two, and the cooperatives and independents combined in two.

In city No. 1 the chains had a net overage in the total quantities purchased, but gave net shortages in the other three. The cooperatives likewise gave a net overage in only one city (No. 4) and were short in the other three.

The independents, excluding cooperatives, on the other hand, had a net shortage in total weight purchased in only one city and a net overage in three. Cooperatives and independents combined had net shortages in two cities and net overages in two.

Short weighing was found to be much more prevalent in city No. 2 for every group of distributors than it was in any other city. That city was the only one of the four in which every one of the three groups of distributors had a net shortage. The combined chain distributors in that city, with a net shortage of over 1 per cent (1.044 per cent) and 61.7 per cent of the total items purchased underweight, were responsible for a higher proportion of short-weight purchases and a higher net shortage than any other group of distributors tabulated in any of the four cities.

VARIATIONS IN WEIGHTS BETWEEN CHAINS

The proportion of purchases from the several chains which were short weight exceeded the proportion of purchases which were overweight in all but 2 of the 14 separate chain comparisons. For any chain the lowest proportion of short weights was 38.6 per cent of the total purchases made from it; the highest was 69.5. In most cases, overweights for the chains ranged from 30 to 40 per cent of the total items purchased. Eleven chains, or nearly 80 per cent of them, gave net shortages on the total quantities bought and in two cities, none of the chains had a net overage.

Of the 14 chain groups shopped in the 4 cities, there were only 3 which had net overages, the highest of which was 0.212 of 1 per cent of the total weight purchased. The range of net shortages for the different chain groups was from 0.036 of 1 per cent to 1.730 per cent.

VARIATIONS IN WEIGHTS BETWEEN COOPERATIVE CHAINS

The proportion of short weights given by cooperative chains exceeded the proportion of overweights in 5 of the 8 cooperative groups as compared with 12 out of 14 chain groups. The smallest proportion of short weights given by any cooperative was 37.8 per cent of the total number of items purchased from it, and the largest was 61.5 per cent. The proportion of overweight purchases from the various cooperatives ranged from 32.2 per cent to 53.2 per cent of the total number of purchases. The total quantities bought from each of 5 of the 8 cooperative groups of stores showed a net shortage in weight, while those from each of the remaining 3 showed a net overage. The largest net

shortage in weight for any one of these cooperative groups was 0.722 of 1 per cent of the quantity purchased; the largest net overage, 1.047 per cent.

SHORT WEIGHTS AND OVERWEIGHTS BY COMMODITIES

The chain stores were more frequently short weight than either the independent stores or cooperatives on two of the five items, navy beans and sweetened crackers, and were more frequently short than their independent competitors on dried prunes as well. On sugar and Lima beans the reverse was found, the chains giving short weights less frequently than their independent or cooperative competitors. Except on Lima beans, however, where the difference is very slight, the proportion of chain purchases which were short weight always exceeded the proportion which was over-weight. The showing for the independents and cooperatives was slightly better, both of these types of distributors giving more overages than shortages on prunes and Lima beans. On sweetened crackers and sugar, however, the independents and cooperatives as well as the chains had substantially lower proportions of overages than shortages.

In actual net weight each type of distributor gave net overages on prune and Lima-bean purchases and set short weights on sweetened crackers. On navy beans the chains gave a net short weight, and the other type of distributors a net overweight, the reverse being true on sugar, where the chains had a slight net overage, and the other types of distributors were net short. Except in the case of sugar, where the chains had a slight overage, the overweights given by the chains were less and the shortages greater than was true of cooperative and independent distributors combined. The general and comparatively high shortages on sweetened crackers are possibly explained in part by the fact that this was relatively the most expensive article purchased in the various stores and also the one which was perhaps at the same time the least susceptible of accurate weighing.

EFFECT OF WEIGHING AND PACKAGING BY DISTRIBUTORS ON WEIGHING RESULTS

Since it is sometimes contended that preweighed bulk purchases reflect more clearly the attitude of grocery stores in the matter of accurate weights, considerable interest attached to the weight of such bulk items—that is, those items weighed by employees in advance of sale. A total of 795 items, or 12 per cent of total purchases (6,640 items) made, were preweighed and nearly two-thirds (64.4 per cent) of these were obtained from chains. As has been often alleged, short weights occurred more frequently on these preweighed items than on items weighed at the time of sale. For the chains, the proportion of preweighed items which were short in weight was 59 per cent, as compared with 50.3 per cent on both preweighed and other items. For independents and cooperatives combined, the difference was much more striking, the proportion of shortages on preweighed items being 65 per cent as against only 47.8 per cent on the total items purchased from those dealers. The chains therefore had a considerably smaller proportion of short weights on preweighed items than the independents or cooperatives separately or combined. They also gave exact weights on a larger proportion of items.

The buyer of commodities weighed and packaged in advance of sale stands about two chances out of three that he will get short weights from either the independent dealer or the cooperative, and only a slightly better chance in the chain store. Furthermore, the net shortage on these preweighed items is much greater, on the average, than is the case with items weighed at the time of purchase. On preweighed items the net shortage represented slightly over eight-tenths (0.813) of 1 per cent of the quantity purchased as compared with less than one-tenth of 1 per cent (0.091) on total quantities of all goods bought. Between chains and independent and cooperative chain dealers the difference in the size of the shortages on preweighed items was markedly in favor of the chains. The chains were net short 0.719 per cent of the total weight of the preweighed items bought, as compared with 1.005 per cent for the independents and cooperatives combined.

SHORT WEIGHTS AND OVERWEIGHTS, EXCLUDING PREWEIGHED COMMODITIES

Even after the exclusion of the preweighed items, the chains show, as they did in the case of total purchases, an appreciably higher proportion of exact weights, a somewhat higher proportion of short weights, and an appreciably lower proportion of overweights than do the other types of distributors.

Similarly, a comparison of the amounts of net overages and shortages for all purchases, excluding those preweighed, with the amounts of such net overages and shortages for all commodities purchased, showed a net shortage for the chains of two-tenths of 1 per cent, while the net overage for the cooperatives and independents combined was slightly over two-tenths of 1 per cent, the net difference amounting to about four-tenths of 1 per cent in favor of the independent stores.

FEDERAL RECLAMATION PROJECTS

Mr. STEIWER. Mr. President, my attention has been invited to a statement recently made before the joint meeting of the Senate and House Committees on Irrigation and Reclamation by the Hon. Marshall N. Dana. It is a very interesting statement, and I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF MARSHALL N. DANA, PRESIDENT OF NATIONAL RECLAMATION ASSOCIATION, PORTLAND, OREG., JANUARY 11, 1933

The business, industrial, transportation, and, I might say, publication interests of the West have become aware that an emergency confronts Federal reclamation. We share with the direct representatives of Federal reclamation projects an understanding of the plight of settlers upon the reclamation projects under conditions entirely beyond their control which have been created by the present depression. We are in sympathy with the proposal for time extensions on settler repayments of construction charges, but we realize that if these extensions are granted there will be a loss of revenue to the reclamation fund and that this loss will prevent the continuance of construction on authorized projects.

It is imperative that we maintain reclamation as a national policy in order to conserve the basic values of the West. It is also imperative that a balance be struck between the arrangements for so-called moratoriums and a Treasury loan that will provide for the continuance of necessary construction. If construction is suspended on July 1, 2,500 to 3,500 men will be thrown out of employment. They with their families represent at least 10,000 persons, who will be subjected to severe distress, and their loss of earning and buying power will be felt in all other channels. The situation of these workers will approximate the plight of project settlers who have been unable under existing conditions to make any return.

As to whether Reconstruction Finance Corporation funds could be made available to irrigation districts, Dr. W. L. Powers, secretary of the Oregon Reclamation Congress, took up this question in Oregon, and was told that such loans would not be possible, the reason being that these projects could not be considered self-liquidating projects, since they were maintained by taxation.

I have come here to Washington authorized to say in behalf of the National Reclamation Association that all of the interests of the West are standing together in support of the Bureau of Reclamation and in behalf of legislation at this session of Congress that will meet the emergencies of the projects and of continued construction.

The National Reclamation Association asks that the Senators and Representatives from the arid-land States undertake a concert of action on legislation at the present session of Congress that will meet the emergencies of settlers upon established Federal irrigation projects and maintain the continuity of authorized construction.

We ask at this time the inclusion of no new lands for reclamation and no new projects of construction.

To salvage the values already created and to preserve the solvency of established projects is, we believe, a sufficient duty to ask of Congress under existing economic conditions.

It is our considered view that reasonable time extensions on payments due from settlers should be granted and that revenues thereby lost but imperatively required for authorized construction shall be supplemented by loans from the Federal Treasury. We believe it to be merely correct procedure to maintain a balance between the time extensions of settler repayments and the period to be allowed for in Treasury loans for construction.

We are informed by the Reclamation Bureau, and wish to repeat as evidence of the urgent need for effective immediate action, that unless suitable measures are adopted by Congress, all construction must stop July 1 of this year.

The National Reclamation Association also wishes to call upon the congressional delegation of Western States, as it has already called upon the western governors' conference, for leadership:

First. To maintain and to reestablish reclamation as a continuing national policy of the Federal Government. Second. To maintain unimpaired the efficiency and organization of the Bureau of Reclamation as a division of the Department of the Interior.

To the foregoing the National Reclamation Association, able to speak for the first time with the united voice and the unanimous sentiment of the West, pledges its unremitting endeavors and cooperation.

May I say that the National Reclamation Association was formed December 5, 1932, at Salt Lake by the National Reclamation Conference, composed of delegates who had been appointed by their respective governors or other proper State authorities, from Arizona, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, Texas, Utah, Washington, Wyoming, Illinois, and Minnesota. The reclamation conference was held one day in advance of the western governors' conference, which by resolutions, unanimously adopted, supported the conclusions of the reclamation conference and pledged support to the National Reclamation Association.

From the constitution of the National Reclamation Association I quote that "The purpose of the association shall be to promote the cause of reclamation by irrigation, and to exert its efforts for the continuation of the services of the Federal Bureau of Reclamation and to cooperate with and assist it in bringing about the speedy completion of various Federal reclamation projects and to promote the adoption of such legislation affecting reclamation as shall meet the approval of the board of directors."

From declarations adopted by the association in the form of resolutions, I quote the following:

"We believe that the broad principle of Federal aid to reclamation should be extended to economically sound projects of regional

and national importance too costly for local or community effort; we hold that the immediate construction activity of the Bureau of Reclamation should be mainly confined to providing supplemental water supplies and completing or reconstructing works on existing Federal and non-Federal projects which are economically sound and on which such aid is urgently needed.

"We recognize further that, due to several conditions, payments accruing to the revolving funds have been materially decreased. Under the principles heretofore set forth, the activities of the Reclamation Bureau will contribute materially to the recovery of now existing agricultural areas in the Western States and therefore assist in farm relief.

"We indorse the principle of further advances to the revolving fund of the Bureau of Reclamation, to be repaid at definite and stated periods.

"While seeking to bring support to a continuing and effective policy of Federal reclamation, consistent with the general economic situation, we can not fail to recognize that an emergency exists on reclamation projects comparable with that existing in all agricultural districts, as well as in other lines of industry, and due to the same causes. This condition makes necessary some provision for an extension in the repayments of construction charges commensurate with existing needs.

"We commend this problem to the sympathetic consideration of the Congress in the belief that it can and should be met in such a way as to maintain the ultimate integrity of the revolving reclamation fund.

"We deem the existence and continuance of the Bureau of Reclamation of vital importance to the West and the entire Nation.

"It has been the policy of every administration to appoint a western man as Secretary of the Interior, and selections have been able men with an intimate knowledge of western problems.

"We urge the Bureau of Reclamation be maintained as a part of the Interior Department, which alone has acquaintance with the problems of water administration and conservation."

A provision was made on recommendation of the committee on legislation that a program of education be carried on showing the benefits of reclamation and irrigation to the West and to the Nation, and how necessary it is to continue the work of the Bureau of Reclamation to prevent a great loss to the Nation and to the West in the investments already made and to continue the proper growth and development of the West.

The active direction of the National Reclamation Association was given to a board of directors consisting of one director from each of the States having Federal reclamation projects, Messrs. Thomas Maddock, Arizona; Arthur B. Tarpey, California; E. B. Debler, Colorado; N. V. Sharp, Idaho; Sam Stephenson, Montana; R. A. Smith, Nebraska; George W. Malone, Nevada; Marshall N. Dana, Oregon; Roland Harwell, Texas; William R. Wallace, Utah; A. E. Larson, Washington; Perry W. Jenkins, Wyoming.

The National Reclamation Association does not take a position as between States or Federal reclamation projects in support of one to the detriment or prejudice of others. But we do wish to urge in the strongest terms the necessity to support reclamation as a policy and to free it from hostile, sinister, and inaccurate propaganda.

The purpose of the reclamation act passed by Congress in 1902 was to make water for irrigation available for tracts of arid land owned by the Federal Government in the West. Such an act was most proper in view of the fact that the Federal Government is the largest landowner in the so-called public-land States, having the ownership of 52 per cent of their area. The original purpose has been widened to include the supply of irrigation water for tracts in private ownership when necessitated by the character of irrigation development undertaken.

In order that western resources might to an equitable extent be used to stimulate reasonable western progress by reclamation, a revolving fund was created by provision that 95 per cent of the receipts from the sale of public lands and 52½ per cent of royalties derived from the leasing of mineral lands should be used for this purpose. All repayments of construction charges to the revolving fund were to be used in the development of other projects. In the year 1930, the reclamation revolving fund received 7 per cent of its income from public-land sales, 26 per cent from royalties, and 67 per cent from project collections. From the Federal Treasury two loans totaling \$25,000,000 have been made to the reclamation fund and \$10,000,000 of this amount has been repaid. It was provided that retirement of these loans should be at the rate of \$1,000,000. This rate was continued for 10 years. By amendatory legislation extensions in repayment were granted until July 1, 1934, when the rate will be \$2,000,000 a year for five years. Thereafter the balance is repayable at the rate of \$1,000,000 a year until fully repaid.

A little less than 3,000,000 acres, or four-tenths of 1 per cent of the national crop acreage, have been irrigated. Homes have been provided for more than 41,000 families of country-minded people of small means who dwell upon irrigated lands and continue in healthful, productive employment.

While the value of crops grown on irrigated land represents but three-fourths of 1 per cent of the total crop value of the Nation, the activity has been of the first value in balancing other agricultural and industrial pursuits of the West, including grazing and livestock, mining, manufacturing, transportation, commerce, and municipal development. It may be conservatively stated that of every dollar of irrigation investment now in the balance and

dependent for solvency largely on measures now to be enacted, four other dollars of investment are involved. We are dealing with basic security and the stake is stability and, almost, the solvency of the West.

Although we are told that the industrial East is antagonistic to reclamation, we are scarcely able to believe that other than prejudiced individuals are playing this rôle, since Federal irrigation projects afford an ever-expanding market for the sale each year of approximately 100,000 carloads, valued at more than \$100,000,000, of manufactured products. Incident to the Federal projects, some 13,000,000 acre-feet of water are stored in some of the greatest reservoirs of the world, built with no major defects. These storage reservoirs, part of an ultimately comprehensive program, conserve run-off and tend to prevent soil erosion and floods.

Under the present reclamation law and policy no projects are constructed until their feasibility has been definitely determined from all standpoints, and no new projects, as said before, are now being advanced in the program sponsored by this association, the Reclamation Bureau being engaged chiefly in completing projects heretofore authorized by Congress or in furnishing supplemental water to projects whose supply has been found inadequate to meet their needs.

Irrigation districts are in need of replacements or supplemental construction to save existing values and relieve settlers. This can best be accomplished by extending the services of the Federal Reclamation Bureau organization to aid in irrigation-district rehabilitation.

On Federal irrigation projects, since adoption of the act of 1902, some \$280,000,000 have been spent by the Reclamation Bureau; values aggregating some \$2,000,000,000 have been produced, largely of foods represented in the deficiency crops, of which, prior to the present depression, we were importing some \$2,000,000,000 worth a year. Reclamation does not have any material effect upon alleged crop surpluses. I wish to call attention to an impressive statement made by John W. Haw, agricultural director of the Northern Pacific Railroad, before the National Reclamation Conference at Salt Lake:

"Now the argument in general use against Federal reclamation is that the production of lands reclaimed aggregates an agricultural surplus which is alleged to be chiefly responsible for present low prices.

"It has been conclusively and repeatedly shown that products on irrigated projects are almost entirely those in which domestic consumption far exceeds production; that in the aggregate project agricultural production is but an infinitesimal part of our total production and could not possibly have a controlling effect. It would not seem necessary here to enlarge upon these points. Rather, we should concern ourselves with the refutation of the major premise of this argument, namely, that surplus production generally is in any major extent responsible for the level of low agricultural prices prevailing in this depression. We should be in a position to say, both, that reclamation does not contribute appreciably to the surplus; but, if it did, so far as the present situation is concerned, what of it?

"The anthem of surplus-production responsibility for present ruinously low prices, sung by most farm-distress diagnosticians, will not stand either analysis or test. We propose to discuss this question here in some detail, as it is the foundation of the present agitation against reclamation; in fact, against any further land development. In fact, it is commonly used to show that lands and farms now in production should be allowed to slip out of production under the stress of present economic conditions. The price of agricultural products produced in surplus, or those produced at a balance between consumption and production, or, again, those produced in a quantity far less than normal consumption, are all about equally low in price. Wheat and cotton, both surplus crops, are miserably low in price; but no lower than potatoes or hay—crops produced about in balance—nor are they lower than flax, sugar, and wool, which are produced domestically in but a fraction of our requirement.

"We are not here saying that the law of supply and demand has been repealed or that it is suddenly inoperative. We contend that demand has suddenly and drastically been curtailed and that to shrink supply to the proportions of present demand would depopulate 25 per cent of the farming areas of this country; that with recovery from the depression demand will again return and fair prices will obtain for even our present production. We contend that it is unsound economics and poor national policy to urge correction of the present price situation from the supply side—rather, attention should be focused on a correction of the demand side. Flax, sugar, and wool are crops now flowing in large quantities over what we thought heretofore was a satisfactory tariff wall, yet the price comparatively is as low as on the so-called surplus crops. Further, the present argument falls flat when we consider the situation as to wheat. In the world, and in this country, wheat acreage in 1932 was nearly 15 per cent under pre-depression years; yet the price has not raised, it has declined. In 1929 this country produced 812,000,000 bushels of wheat on 62,000,000 acres. The average price that year was \$1.03 a bushel. Three years later, in 1932, wheat acreage had shrunk to 55,000,000 acres and the crop, principally by reason of poorer growing conditions, amounted to only 712,000,000 bushels; but the price this year is around 50 cents a bushel. A drastic acreage and production shrinkage had absolutely no effect in checking price declines.

"What is true of wheat is likewise true of many other farm products. Certainly it is difficult, in view of statistics showing reduced production, yet declining prices, to arrive at the conclusion that either acreage or actual production has any direct correlation with price levels in a major depression such as we are now experiencing. In view of the fact that with 200,000,000 less bushels of wheat produced in this country this year as compared with 1923, and with the price 50 per cent lower, it is flatly absurd to be alarmed over the 1932 production of two and a half million bushels of wheat on 100,000 acres on Federal irrigation projects."

In 1926 the Reclamation Bureau began the 10-year program to complete unfinished works and works authorized by Congress. The program was based upon anticipated revenues to the reclamation fund of from ten to fifteen million dollars a year. The revenues have shrunk under the effect of world-wide conditions; the extension of payments to afford a merited relief to settlers who struggle as do other farms against conditions beyond their control create still further shrinkage, and the emergency of reclamation is at its crisis now.

The miserable and malicious sectional propaganda from which the West suffers is nowhere better exemplified than in the article by A. Newton Edward in the May Atlantic Monthly.

This author, addressing himself to the citizens of Wyoming, Montana, Utah, Nevada, Colorado, New Mexico, Arizona, and Idaho and perhaps several other backward States, says:

"Either relinquish your privilege of selecting two Senators each year or get out of the Union. You may, if you elected to stay in, have among you one Senator, provided he promises to be seen but not often heard. The idea that a group of six so-called States, with a population of only 2,700,000, the least populous area in the whole civilized world, should each of them speak with as much authority as the great States of New York, Pennsylvania, Massachusetts, Illinois, and others is ridiculous. What good are they—to themselves or anyone else? What do they produce? What taxes do they pay? * * * These miserable Western States have nothing, and they are a drain upon the entire country."

While we recognize this as the work of a geographic moron, it nevertheless has its effect, and certainly it has its answer. Carried to logical conclusions, it would mean the maintenance of congested populations as human breeding warrens without expansion area. It would mean the cutting off of all but the heavily industrialized areas, turning over to others the markets offered by western irrigated areas for \$100,000,000 of manufactured products. It would mean a premium on narrow homes, narrow jobs, narrow outlooks, and narrow graves. It would mean that the older sections of the country, with longer opportunity for development and growth, would now exclude the newer sections in which the forward steps of the Nation are being taken. It would mean that no longer is value placed upon inexhaustible resources in lumber, mines, range, and the superior qualities of fruit and dairy products. It would mean an America whose citizens no longer would be exalted by mountain heights, no longer intrigued by the sweep of endless plains, no longer thrilled by that adventuring into new lands that produced the resolute and stalwart American type, no longer led onward by the determination to carve homes and wealth out of the wilderness, and no longer claimed by the lure of lure of the shores of the setting sun. If the gauntlet is thrown down challenging our right to exist and to make progress, we take it up. These magnificent enterprises that quicken the pulse of every builder are creating no vacuum, but are the projection of the heroic present into a splendid future. These Federal reclamation projects are in the understanding of the individual settler and his family, the Nation's dare and Uncle Sam's partnership to building outpost homes on civilization's frontiers. In these people the pioneer spirit still is to be found at its height of exertion and independence. They no more classify as subsidy the advances from the reclamation revolving fund, which they know they will and must repay, than they thus consider the national administration or measures of national defense. In fact, they look upon the balanced development of the West as a measure of national defense in which reclamation is an integral and essential part and the Government's commitment in fostering it as firm a contract and certainly a more productive financial enterprise than the maintenance of the Army and Navy. To leave these settlers defenseless at this moment of emergency would be criminal.

A recent arrival in the National Capital, like myself, is bound to be impressed by the amazing amount of construction going on here at the expense and under the direction of the Federal Government. Beautiful buildings of marble and stone, of steel and brass, are going up on every hand. These are being prepared to meet the expanding administrative needs of a confident Nation that fears no backward step. Their construction at this time means very large employment relief. Such buildings awaken our pride in a country able to build so expensively and so permanently. We are told that these are structures intended to serve for the next 1,000 years. No suspension of construction has been allowed, we are further told, because authorization was granted and appropriations were made "when there was plenty of money."

I speak not for criticism, but only for contrast, when I say that we from the West speak for those who are building their castles not of marble and bronze, but from out of the soil—their castles, their homes. They also are engaged in carrying on as best they can with authorizations previously granted. Nor will we hear it said by anyone that these people who build at the very mudsills

of the foundation of our national integrity are less deserving, their distress less a subject of governmental concern.

Reclamation justifies itself by its production of deficiency crops and avoidance of farm surpluses. It establishes a balanced relationship between the western farm and town and is contributive to every other form of productive activity. It has created a desirable and expanding market for manufactured products. When emergency necessity for production arises, as it is sure to do as a consequence of present repression, the reclaimed areas will help supply the need, particularly of western towns and of the ports and terminal cities of the Pacific coast. And reclamation helps the Nation take and maintain a strong front toward the problems of the Pacific. Farming by means of irrigation is not politics, is not propaganda, is not speculation and inflation, but is merely the method of farming made necessary by the character of the country. The Federal Government's cooperation is a solemnly assumed responsibility. Its relief of reclamation settlers and the continuance of projects should be undertaken through the established channel of the Reclamation Service.

And I am aware as these words are uttered of thousands of families of the best and most dependable people we have in America, who are waiting with strained attention and anxious hearts for the outcome of this conference and the action of Congress. Their homes, their families, their futures, are at stake. Their confidence rests in the business responsibility of their Government. It is an economic problem we present, but it is also a human problem. The cost is small compared with the vast sums made available to others no more meritorious. But the relief is imperative. When the National Reclamation Association asks that moderate Treasury loans be made for continuance of authorized construction and in amount corresponding to the loss of revenues by extension of settler payments, we speak in no narrow or provincial manner, but with a true nationalism, and we present an emergency. For its solution we look with confidence to the elected leadership of the West.

I have received this morning a letter from Charles E. Stricklin, State engineer of Oregon, in which he says that hundreds of men will be thrown out of work if authorized construction is suspended because of exhaustion of funds with which to continue, due to a moratorium. On the Owyhee project in Oregon alone, probably 1,000 men would be thrown out of work. While applications are being made for relief of the needy in Oregon through the Reconstruction Finance Corporation, those applications do not contemplate this additional number, together with their families, and it would seem absurd to place upon Federal charity those who under every consideration of good faith and contracted obligation expect to secure employment on these Government projects. I asked Dr. Elwood Mead, United States Commissioner of Reclamation, exactly what would be the situation confronted by the Reclamation Bureau at the beginning of the next fiscal year, July 1, 1933. I wish to present his answer to that question:

If a moratorium is granted on construction payments by the present Congress, a loan to the reclamation fund to replace the money thus withheld should be made. Without this, construction work will practically cease for lack of money by next July. The following facts show this.

On July 1, 1932, when the 1933 appropriation act went into effect, the balance in the fund was \$3,700,000. Against that were appropriations amounting to \$5,200,000. Six months later, on January 1, 1933, this balance had fallen to \$2,000,000. Of this balance, \$1,200,000 must be reserved to pay current debts, for labor and construction work for which the money is obligated under contracts, for material and supplies, and charges for transportation. This would leave on January 1, 1933, an unexpended balance of \$800,000. Against this there are the obligations to meet payments on construction work in progress under contracts required to be completed before July 1, 1933, which will require \$1,000,000, or \$200,000 more than the balance in the fund available for construction January 1, 1933.

But there are other obligations in addition to this contract work. Construction work is in progress by the United States, mainly day-labor forces, which will require \$600,000. Work authorized by Congress for which appropriations have been made but where the contracts have not been let, will require \$850,000 more, making a total of obligations against the fund between now and July 1, 1933, of \$2,450,000. In this 6-month period from January 1 to June 30, 1933, there will be an estimated income, outside of construction payments by settlers, of \$1,250,000. This income plus the unexpended \$800,000 in the fund, would make approximately \$2,050,000 to meet obligations of \$2,450,000, or a shortage of \$400,000.

But that is not the only financial difficulty the bureau faces. The Treasury requires the bureau to maintain a working balance. All this money therefore can not be spent. Some of it must be held to protect the Treasury against unforeseen or unexpected demands, such as a flood to destroy canal banks. We will therefore face interruption in construction unless payments from settlers continue uninterrupted or a loan is given us.

There is another uncertainty regarding the money available for construction. There are certain cases where the bureau maintains and operates the works and later collects these expenses from the settlers. This is done where the settlers have not taken over the works. In the above we have assumed that these operation and maintenance payments will be made and that they will carry the cost of this operation. If, however, any project defaults in the payment of current operation and maintenance charges, there will be another reduction in the fund. Present conditions

indicate that some such defaults will occur, thus lessening the amount of construction money.

Construction work proposed in the bill now before Congress will require \$3,000,000, which equals the entire estimated income, without settlers' payments, but that \$3,000,000 appropriation will face a deficit on July 1, and the appropriation contains nothing for completing the reservoir needed at Vale, estimated at \$1,100,000; nothing for completing the Salt Lake Basin project, estimated at \$650,000; and nothing for the Stanfield project, estimated at \$100,000.

This will mean, therefore, that in 1934 progress on work already begun, and where the water which these works would make available is sorely needed, will have to be at a standstill.

The estimates submitted to Congress under which the appropriation of \$3,000,000 has been approved by the lower House were based on the assumption that the construction payments due from water users for one-half of 1932 and all those for 1933 would be made. If a moratorium is granted it will reduce these payments, and hence the money in the fund available to meet appropriations. A knowledge of this fact may cause Congress to yet withhold appropriations to carry on construction work in 1934 unless provision to make payments is made. If a moratorium is granted, this means a loan.

DEMANDS ON TIME OF SENATORS—INTERVIEW WITH SENATOR TYDINGS

Mr. GLENN. Mr. President, I notice a very timely statement in an interview with the senior Senator from Maryland [Mr. Tydings], which appeared recently in the newspapers. I ask that it may be made a part of the RECORD.

There being no objection, the article was ordered printed in the RECORD, as follows:

Economic conditions and a session of Congress have compelled Senator MILLARD E. TYDINGS to call for help in bringing about two reductions—in demands for personal interviews and in correspondence.

"During these days of stress," he said, "my correspondence approximates 300 letters daily. Assuming that only one minute—an impossible supposition—is given to reading each of these communications and making reply thereto, 300 minutes, or 5 hours, would be consumed.

"An average of 60 persons each day request personal interviews. Three minutes to a person would consume 180 minutes, or 3 more hours. Thus, to answer the mail and see the persons requesting appointments would require eight hours out of the day.

"I serve on five Senate committees, including the Committee on Appropriations, which has to deal with each dollar spent by the Government—about four billions a year. This committee meets practically every morning from 10 to 12 o'clock.

"Congress meets every day at 12 o'clock and soon will remain in continuous session every day until about 10 o'clock at night. There are hundreds of important measures with which a Senator must familiarize himself.

"It must be perfectly obvious to any reasonable person that no man can answer this vast correspondence, see personally all of those who wish to talk with him, attend the committee meetings, and attend the sessions of the Senate.

"In these times when 12,000,000 people are out of work, 5,000 banks have failed, and upward of a million farms have been sold under mortgage foreclosure, the first duty of a representative in Congress is to devote himself to legislation which, it is hoped, will at least bring about a partial cure of the depression.

"I say this so my constituency may understand that, with Maryland abutting the congressional district, it is humanly impossible—even if I were three men—to afford each of those asking a personal interview.

"The time I give to these individual interviews and individual matters, while important in themselves, particularly to those interested, is taking my attention from matters of grave importance to all of the people of Maryland as well as to the country as a whole. I have severed every personal indulgence which I can, both in the day and in the evening, with the hope of finding time to keep up with the tremendous demands now upon me.

"I am, therefore, making this appeal to the people of Maryland. If the matter they have in mind is a position, compensation, or some other matter with which the Federal Government has to deal, it will be of the greatest help to me if they will write me as briefly as possible and not ask for personal interviews unless the matter is of such grave importance that it can not be handled in any other manner.

"I realize that in some quarters this may be misunderstood, but, after having tried to see personally everyone requesting an interview, to give prompt attention to my correspondence, to attend the committee meetings and the meetings of the Senate, and to study and give my attention to the important legislation before the Congress, I find that even with working far into the night it can not be done.

"I like the job. This is no complaint. All I ask is helpfulness."

ANALYSIS OF IMPORT AND EXPORT TRADE—TARIFF BARGAINING

Mr. COSTIGAN. Mr. President, yesterday I asked unanimous consent for the consideration of two resolutions which

had been reported favorably from the Committee on Finance. I desire at this time to renew my request for the consideration of those resolutions.

Mr. SMOOT. Mr. President, if they will lead to any discussion whatever, I shall have to object. I should like to get this appropriation bill through to-night.

Mr. COSTIGAN. I have spoken to the Senators in charge of the bill, and they have no objection to the immediate consideration of the resolutions.

Mr. SMOOT. With the understanding that they will not lead to any discussion, I have no objection.

The PRESIDING OFFICER. Are the resolutions on the calendar?

Mr. COSTIGAN. The resolutions are on the calendar, and I do not think they will require any discussion.

The PRESIDING OFFICER. The Senator from Colorado asks unanimous consent for the consideration of a resolution, which will be read.

Mr. SMOOT. I have no objection unless it leads to discussion. If it does, I shall object.

Mr. REED. Mr. President, what is the request for unanimous consent?

The PRESIDING OFFICER. The clerk will read the resolution for the information of the Senate.

The legislative clerk read Senate Resolution 334, submitted by Mr. COSTIGAN on the 18th instant, calling for an analysis of the import and export trade with certain foreign countries, and for other information concerning tariff problems, as follows:

Resolved, That the United States Tariff Commission is hereby directed under section 332 (g) of the tariff act of 1930, and for the purposes of that section, to investigate, particularly by resort to available files and records, and to report thereon to the Senate assembled data, furnishing the Senate completed portions thereof as promptly as conditions permit, on the following subjects:

(1) An analysis of the composition of the import and export trade of the United States with each of the foreign countries with which the United States has important commercial relations, accompanied, where feasible, by a list of the tariff and other trade restrictions imposed since January 1, 1922, by each such foreign country on articles now or formerly imported from the United States, a discussion of alternative sources of such articles, an analysis of the invisible items entering into the balance of trade with each such country, and other significant economic and competitive facts affecting trade therewith.

(2) Early revisions of the summaries of tariff information heretofore compiled by the United States Tariff Commission, which will particularly indicate (a) the character of production, of imports and of exports of the United States, and the production in foreign countries of articles or types and grades of articles not exported to the United States or so exported only in minor quantities, with the reasons therefor; (b) advantages and disadvantages affecting the sale of domestic and foreign products in the markets of the United States and in important foreign markets; (c) concentration of control in foreign and domestic industries; and (d) other tariff problems, including those arising from the use of substitute articles, presented by industries selected for specified and significant reasons by the United States Tariff Commission.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. REED. Mr. President, reserving the right to object, I had not intended to speak on this matter, but I should like the RECORD to show that I am opposed to the passage of both of these resolutions. I have no objection to their further consideration.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution just read? The Chair hears none.

The resolution was considered by the Senate and agreed to.

The PRESIDING OFFICER. The clerk will read the second resolution referred to by the Senator from Colorado.

The legislative clerk read Senate Resolution 325, submitted by Mr. COSTIGAN on the 13th instant, calling for a report from the Tariff Commission of relative imports of certain commodities for designated years, and for certain other information concerning imports and exports.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution? The Chair hears none.

The Senate proceeded to consider the resolution, which had been reported from the Committee on Finance with amendments, on page 2, line 4, after "1933," to strike out "(giving precedence to this resolution, so far as may be required, over other resolutions heretofore adopted by the Senate directing the United States Tariff Commission to make reports to the Senate)"; in line 12, after the word "in," to strike out "1920" and insert "1919"; on page 3, line 5, after "1928," to strike out "and 1929, the first half of 1930, the latter half of 1930, and the calendar year", and insert "1929, and"; and on page 4, line 10, after the word "from," to strike out "1919" and insert "1929"; so as to make the resolution read:

Resolved, That the United States Tariff Commission (as provided under sec. 334 of the tariff act of 1930, and so far as deemed advisable by said Tariff Commission, with the cooperation of the Departments of State, Commerce, Agriculture, Labor, and other departments or independent establishments of the Government, as and when requested by the United States Tariff Commission to cooperate) is hereby directed under section 332 (g) of the tariff act of 1930, and for the purposes of that section, to investigate, particularly by resort to available files and records, and to report thereon to the Senate assembled data (including tariff rates, foreign-trade statistics, production statistics, and other pertinent facts) successively on or before February 1, 1933, February 15, 1933, and, finally, March 1, 1933, on the following subjects:

(1) Any and all tariff classifications (including, when practicable, grades and styles thereof and articles included in basket clauses) with respect to which there were substantial imports from abroad in 1919 and/or 1929, and as to which imports have since substantially lessened or have ceased, with the approximate dates of such lessening or cessation of imports, together with relevant facts concerning domestic production.

(2) Any and all dutiable articles of which imports in either 1927, 1929, or 1931 have represented less than 5 per cent of the domestic production of similar articles, giving the percentages of imports to domestic production in each of said years and the tariff changes in 1930, together with a description of the grades, varieties, and quantities of the said respective dutiable articles and a description of the grades, varieties, and quantities of said respective similar articles produced in the United States.

(3) Any and all articles on which the tariff rates exceed 50 per cent ad valorem, arranged by schedules in order of height of said rates in 1931, including the ad valorem equivalent of specific and compound rates, based, respectively, on prices of the calendar years 1928, 1929, and 1931; together with quantities and values imported in the same periods and the domestic production for 1929 and 1931, where practicable, of the respective articles covered by said rates, and separate lists showing, for all agricultural products and agricultural raw materials carrying tariff rates exceeding 50 per cent ad valorem in 1931, the equivalent ad valorem of present rates based on average prices from 1920 to 1929, both inclusive.

(4) Dutiable articles the imports of which have increased in quantity or value since 1929, with amounts and values of increases.

(5) Statistics, arranged by tariff paragraphs and schedules, of all articles important in export trade, the exports of which have decreased in quantity or in value since 1929, with information on the extent of the resulting unemployment in domestic export business.

(6) The extent of exports of capital from the United States to foreign countries to build or buy factories and employ labor in such foreign countries, together with the number of employees in such American-owned foreign factories.

(7) The range and variety of costs of production related to the quantities produced in each cost range in the United States and in competing foreign countries for each industry investigated by the Tariff Commission since 1920 (so far as can be given without disclosing the costs of individual concerns).

(8) The value and, where available, the quantity during each year from 1929 to 1932 of articles or special grades of articles which are produced in the United States with advantages, including trade and market conditions, which were factors in causing such articles and grades to be exported in substantial quantities to foreign markets, together with a statement regarding the nature of such advantages.

(9) The value and, where available, the quantity of the imports during each year from 1929 to 1932 of dutiable articles (distinguishing so far as practicable grades and styles of such articles and separate items included in basket clauses) which are more or less noncompetitive with articles produced in the United States and in which foreign countries possess advantages in production, including seasonal advantages, or as to which the foreign product has some unusual appeal to purchasers in the United States, including articles produced abroad by the use of relatively large quantities of hand labor as well as so-called foreign specialties not adapted to mass production or other conditions of efficient and economic production in the United States, and with particular reference to articles produced in Canada, Great Britain, Germany, France, Spain, Belgium, Italy, Czechoslovakia, Mexico, Argentina, Russia, China, and Japan, and in such other foreign countries as may provide commercially important illustrations.

(10) The extent to which existing conditional and unconditional most-favored-nation clauses in commercial treaties, listed for convenient reference, may affect tariff bargaining with foreign countries, having in view early and reciprocal reductions in tariff rates in the United States and foreign countries and increased trade and commerce between the United States and foreign countries.

(11) Generally to advise such ways and means for tariff bargaining as may appear relevant for most advantageously promoting expanded trade between the United States and foreign countries, with the purpose of increasing employment in the United States and markets abroad for products of farms and factories of the United States.

The amendments were agreed to.

The resolution as amended was agreed to.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. ODDIE. Mr. President, I have been informed that a number of Members of the Senate will not be able to be here this afternoon, and that they would like the privilege of voting on the pending amendment. I, therefore, am going to ask the Senator from Tennessee [Mr. McKellar]—who, I understand, has some further remarks to make regarding it—whether he would be agreeable to a vote on Monday shortly after the Senate convenes.

Mr. McKellar. Mr. President, I think we should make more haste on this bill; but if requests of that sort have been made of the Senator, and the Senator wants to have the bill go over, that will be satisfactory to me.

Mr. SMOOT. Do I understand that the Senator's request is that we shall not continue the consideration of the bill to-night, but shall recess at this time until Monday?

Mr. ODDIE. Yes; that was the suggestion.

Mr. KING. We would require a quorum if we took a vote, I suppose.

Mr. SMOOT. If there is objection to it.

Mr. McKellar. Does the Senator mean if there is objection to agreeing to this amendment?

Mr. SMOOT. No; I do not mean that, but as to whether or not the Senate will take a recess.

Mr. ODDIE. Does the Senator from Tennessee think we could get a vote on this amendment by 1 o'clock Monday if we should recess until 12?

Mr. McKellar. I see no reason why we can not. We certainly can, so far as I am concerned; but I do not think we ought to make an agreement about it. Other Senators might want to say something on the subject. As far as I know we could vote at that time, but I should not want to bind other Senators.

Mr. SMOOT. I know of no one else who desires to speak.

Mr. McKellar. Does the Senator want a vote now?

Mr. SMOOT. Yes; I would just as soon have a vote now, although we have not a quorum.

The PRESIDING OFFICER. Has the Senator from Nevada submitted a request?

Mr. ODDIE. I ask unanimous consent that we vote on this amendment on Monday at 1 o'clock.

Mr. McKellar. It would require a quorum to make an agreement of that kind, would it not?

The PRESIDING OFFICER. No; only for a final vote. Is there objection to the request of the Senator from Nevada? The Chair hears none, and it is so ordered.

The agreement was reduced to writing, as follows:

Ordered, by unanimous consent, that a 1 o'clock p. m., on Monday, January 30, 1933, a vote be taken on the so-called Seatrains Co. amendment to H. R. 13520, the Treasury and Post Office appropriation bill.

RECESS

Mr. ODDIE. I now move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 2 o'clock and 33 minutes p. m.) the Senate took a recess until Monday, January 30, 1933, at 12 o'clock meridian.